

City Council Budget Work Session Transcript – 05/03/2017

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[9:09:03 AM]

>> Mayor Adler: All right. Were reready? We have a quorum, let's go ahead and get started. It is ten minutes after 9:00. Today is Wednesday, may 3, 2017. We're in the boards and commission room here at city hall. We're going to continue in this exciting and captivating series of policy work sessions. If everybody is ready we'll turn this over to Ed.

>> Good morning, mayor and mayor pro tem and members of the council. My name is Ed van eeno CEO and budget officer for the city. I just wanted to take a moment to recap our agenda for the three policy work sessions. We did add may 17. We still continue to show it up there as tentative because I don't think it's formally been posted but it talked about it last week with council that seemed to be the best date for most council members. We didn't hear any negative feedback so we're planning on being here with you on may 17.

>> Mayor Adler: And I signed the notice.

>> You signed the notice. We can scratch out tentative and make it official, it sounds like. So today we have the fire department, who's going to be leading knew a policy discussion about their four-person staffing model. We have three presentations from our parks department related to golf, cemetery and aquatics operations. And then we'll close out the day with a discussion on employee pay and benefits. Looking back to last week, policy discussions, seemed like council was taking in the neighborhood of 45 minutes to an hour per topic, so I would expect that we'll probably hit the noon somewhere during the pard discussion and it would be up to you if you wanted to take that lunch break and maybe come back at 1:00 and finish out the day. But just based upon the pace of last week's conversation, I anticipate we will finish before 3:00, which is what we're scheduled -- we're scheduled to go to 3:00, just anticipate we might finish a little bit before that.

[9:11:06 AM]

But we don't have to. On may 17 we have four additional policy discussions, one being the concept of establishing a percent cap for public safety expenditures, and again, I just would remind council that we're viewing that as being a very broad discussion that's going to look at some contract issues that drive public safety costs, trying to look at public safety needs over the next three to five-year period, also looking at metrics, benchmark metrics across different jurisdictions, so trying to put a lot of things into that topic area that we've heard council wants to talk about. We'll bring back our aid tax discussion, talk a little about our general fund reserve policy, and it is final one is this idea there's a lot of council initiatives launched that would seem to require funding beyond what we're projecting we'll have, and so we're definitely going to need direction from council about how staff should go about prioritizing those

or understanding what your priorities are. So that's the plan. I'd be happy to make any adjustments to it if council would like us to but currently that's what we're planning for.

>> Mayor Adler: I appreciate that that first one, on the 17th, you're looking at expansively. I mean, I see that to a degree as the opportunity to daylight policy or other issues that it would be good for the folks as they're sitting and doing the contract negotiations, to have a feel for where the council is in terms of priorities or policy issues so that everybody knows that going into the negotiations. So as -- you know, it would probably be good to maybe touch base with the -- with the associations, as well as to touch base with our negotiators to see what are the issues that could come up that having some understanding of where the council is on issues might be helpful.

[9:13:09 AM]

>> Okay, then we're going to turn it over to aryano and chief Dodds to talk about staffing.

>> Good morning, everybody. All right. There we go. So we're here today just to give you a little bit of overview of four-person staffing in the Austin fire department, and as well as the increasing costs for overtime in order to maintain that four-person staffing. So all apparatus in the city are staffed with four-person on every single shift, and mandatory staffing then requires that vacancies be filled with firefighters on overtime, and then the number of vacant firefighter positions has continually increased. It is unusually high, and there are several reasons for that and we will go into that later in the presentation, and that as you probably know by now, because we've spoken to each one of you, that fire will go over budget this year due to the need for that additional overtime. And the total number of firefighters needed on a shift daily, in other words, number of people that need to be on fire trucks, or on fire apparatus, is 254. So we have to maintain that number of people on shift every single day. And there's a total number of firefighters in operations of 970. Now, that's the number in the budget. That's not how many positions we currently have filled, but that's the number of full-time equivalencies. And we think the overall goal is to make sure that we match the number of personnel to the expected outcomes of the fire department.

[9:15:11 AM]

So the staffing policy back in 2007, council passed a resolution supporting four-person staffing, and that resolution was for people on every single engine company and four people on every single quint, and a quint is a piece of apparatus that's an aerial device, and it carries the big ladders, it carries the ground ladders, it carries hose, it carries water, and it has a pump, so it has a multi-purpose function. And as a ladder, as opposed to a dry ladder, that doesn't carry any water, as those ladders were replaced by quince, then the staffing on that ladder increases to five, and the goal was that by 2019 all apparatus would be staffed with four except really for the heavy rescues. Then council then approved acceptance of the safer grant since 2013, and safer funds for staffing for adequate fire and emergency response. That grant plan achieved four-person staffing on all apparatus, including the dry ladders and the rescues by 2014. And this just gives you a picture of what required staffing is on our required apparatuses. There are 42 engines, there are three ladders, remember, those don't carry any water, and there are ten quince, those are the ones that carry water, and there are four rescues, so it performs most of our special operations and now with four persons on them they also perform ladder or what we call truck company operations. And a little bit of background on four-person staffing and what does it mean. First of all, nfpa 1710, which is national fire protection association, has established goals and efficiency measures for firefighters responding to the deployment of firefighters, and they have established that now, with today's construction in today's fiduciary and the things that go -- in fire, and things that go on and even with emergencies we have less time to react so we have to employ new operational practices,

and every single one of those four firefighters on each unit have an assigned tasks, and if you've ever had the opportunity to see or ride with us and see when we pull up on an incident what each person has an assigned task, each truck or each unit has an assigned task, and it's really important to the overall outcome of that.

[9:17:55 AM]

Again, it's matching the number of resources to what the expected outcomes are. And the other part of this in the four-person staffing is osha, or occupational safety and health administration, requires two in and two out. And you can see in the little picture there, there's two people inside fighting the fire, or idlh, which is immediately dangerous to life and health, and one way to kind of use that -- think of that is anytime they might have on, they say respirators, we say self-contained breathing apparatus, but when they're wearing masks it's an idlh atmosphere, so you have to have two people in and two people out, and that means you don't go into that idlh atmosphere unless you have two people outside to back you up and to perform additional tasks. And we did do a little bit of a survey on Texas cities, and there's four-person staffing on most of the major or large cities in Texas, including Dallas, Fort Worth, San Antonio and Houston. So a little bit of background again on this four-person staffing, Nist, or the national institute of standards technology, did a very comprehensive study on several things, and one of the things that they determined was is that modern homes and their contents burn eight times faster than the homes of a decade ago. And if you ever get a chance and you want to Google Nist or ul and flash over video, any of those things, but I took a screenshot of that video, as you can see on the slide, that flash-over occurs in legacy homes, those that had homes made of furniture made of solid wood, cottons, those type of fabrics, used to flash over in 29 minutes and 25 seconds. Today's modern rooms flash in 3 minutes and 40 seconds.

[9:19:58 AM]

Everything today, furniture, fabrics, are all like petroleum-based. They're all synthetic products, and they flash three minutes and 40 seconds. Sometimes we're hardly getting the call in three minutes and 40 seconds. So it's really critical that we have the appropriate staffing to mitigate those low frequency but risk events. Underwriters laboratory also did some studies and some tests, and they found that lightweight building components, which are engineered wood and like trusses on roofs are all constructed differently today, that they fail much faster, and they found that deflection, charge and heat sensitivity was much more critical in today's homes than it was in decades -- homes -- older homes that were built with solid wood construction. So some performance enhancement on the four-person crews compared to a three-person crew. And again, these -- this data was determined through scientific research and testing by both Nist and ul. And there's a 6% difference. We are faster -- 6% faster getting water on the fire with four people as compared to three people. On the fire ground, they complete all tasks on a fire ground nearly 25% faster on a low-hazard structure fire, so that's an average of 5.1 minutes faster in completing tasks with four people as compared to three people. Now, think back to that three minutes and 40 seconds flash-over, five minutes is a big deal. They complete a primary search 6% faster, and again, if you -- if we're trying to save lives and minimize fire fatalities, 6% is a great deal. And then we found that occupants that are rescued by early-arriving crews obviously have less exposure to combustible products, and it makes a huge difference in regard to their survivability, and the faster we can get them out of an environment like that, the greater chance they have to survive.

[9:22:11 AM]

We do know that locally, that four-person staffing on our heavy rescues, or rescues, improved essential truck work being performed in a timely manner, and truck work is the things that -- when I say truck work, that means those big aerial devices. They have certain tasks to do, ventilation and taking care of power and gas shut-offs and all those things. Their primary purpose isn't to get water on the fire. And we know that by adding personnel to the rescues, it increased the performance of the first due aerial coverage in north Austin by 26%, and the second due by 53%. And when we say first due, that means in your first due territory. When you're -- your unit, you know, has a territory, and when you're first due, that means you reside in that territory. The second due apparatus may be coming from another territory, but still, the performance that was increased was phenomenal. And I think the other number that's locally was that by adding personnel to the ladders, we increased task efficiency for laddering and ventilation by 25%. Some other performance measures sort of before four-person staffing and now after four-person staffing, and even though those seems like small percentages, a 1% increase, you know, emergency incidents where we time of between call receipt and arrival is 8 minutes. Our goal is 90%, so we're getting closer. We're not there. Our goal is 90%. But that means that the sooner we get -- and the larger percentage of time that we are on scene with the appropriate number of personnel, the better the outcome is. Again, matching the number of personnel to the expected outcomes.

[9:24:14 AM]

The percent of fires confined to the room of origin went from 81% to 83%. And I've said this before, and I want to reiterate, what that really means, there's a fire in the middle of a strip mall, in a small business. Quinn that fire to the room of origin or the area of origin, if you will, that means that the businesses on either side of that fire room or fire business, is now back in operation and is now receiving their revenues and in turn has an impact on the city's tax base, right? So I think it's really important that we don't misunderstand the importance of that. And I think the next number is significant. The number of incident-related on the job injuries went from 88 with three-person staffing, not four-person staffing, to 56, and each injury for a firefighter sometimes has a significant impact on our operations, on our budget, on costs, and maybe on the firefighters' own health and well-being. And in our world, you know, if -- in a regular world, a regular work pace, if somebody gets injured and say their hand gets cut, you know, and they have to have stitches in their hand, they could be back to work maybe working in a desk job. You can't put a firefighter with stitches in their hand back to work in operations. The number of fire deaths, and to me this is probably the most important, went from 8:00 to 5:00, and if you look at the fire deaths per 100 population it went to half of what it was, and the goal in this city in my mind is to get to zero fire deaths. And then just some other performance measures about all of our emergency incidents, the number -- as you can see, the number has increased, but the number of fires, the percent of fires where the ladder or rescue was first on scene, didn't change significantly from before and after, but the time is still almost two minutes before the pumper arrives on scene and is able to put the water on the fire.

[9:26:34 AM]

Our medical emergencies have gone up, not significantly but a small amount. Hazardous materials is another part of our response, and then again, just comparing how many firefighters do we have before, when we had 44 stations, and now we have 970 with 47 stations. And I think it's important also to note that this is emergency response, but there's so many other things that firefighters do during the course of their day, not only preparing for those emergencies, but firefighters are heavily involved in prevention, in community education, smoke alarm installation. I've Hurd me say before -- heard me say before last year we installed over 2600 smoke alarms and the goal in this city is to have every single

resident to have working smoke alarms and I think that's part of what helps us to reduce fire fatalities. It's not only our prevention and education outreach, but it's also that four-person staffing and being there, getting there as quickly as we can, and then working as efficiently and as effectively as we can. And then I believe that this was a request, and we just showed you that -- the number of found structure fires and where they are, but every single one of these has to have the osha two in, two out. So again, at a -- 618 times, four people were required before we could make entry into the incident. And this is just structure fires. We have lots of other incidents that are hazardous materials that you'll see, you know, that we've presented to you before about other, and what do those mean, and sometimes it's a strange odor. Well, we don't just go in without protective gear on, you know? We have to go in with the idea that it's a -- a credible threat.

[9:28:37 AM]

And then here, this chart shows that our vacancies are much higher than we projected. Dotted line is what we projected in April of 2016 when we were developing our current year budget. And the solid line is what is the reality. And what this -- what has caused this, like, larger gap between why we went higher on our vacancies and why we are lower in our classes is -- there's two reasons why. First, our number of retirements and vacancies are trending up. Just in the last week I have signed four retirements in seven days. In seven days I've signed four retirement papers, and we projected in 2016 while we were preparing for this year's budget, of 2 point -- I'm sorry, we projected the 2.0 separations per pay period, and now we're working on 2.4 separations per pay period, which, you know, translates to about five per month. And then some of the factors that contributed to that, like I just said, are retirement -- our retirement rate increased, the department of justice consent decree, and I want to just give you a little history on that because some of you were not here at the time that we went through that process and at the time that that consent decree was approved and signed, it was approved by council. And the department of justice is focused strictly on the cadet hiring process, our entry level employment process. And it made it -- they found that there was -- there was no evidence of discrimination against individuals, but they found that the process made it statistically less likely for African Americans and hispanic candidates to be successful.

[9:30:45 AM]

We -- then the consent decree allowed us to hire off of the list that was in effect, but we could only hire up to a hundred people, so that helped on some of our vacancies, but then while we were going through the next hiring process, which occurred in 2015, we had spent a significant amount of time on the list, on the questions, on the review, and then when it was all done we were only allowed to hire down to no. 200 on the hiring list. We exhausted screening all 200 of those people, and as a result of screening 200 people, we were only able to hire in putting classes, in three separate classes, 104 people, and in that 104 people there were 30 priority hires that were to be hired. We did not meet that intended goal, but we did exhaust both priority hire lists. And so that resulted in the delay of starting the cadet classes, like I just tried to explain, and I don't know if I did that very well or not. Sometimes it's a little difficult. We've dealt with it and lived with it for the last few years. And then the smaller cadet sizes. Classes are smaller, and we projected having classes of 40 to 45, and we've had classes of 28, class of 26. The one that's currently in class right now is 38. So -- and when you think about that, in seven months that it takes to graduate a class, we've had 35 vacancies, and if there's only -- you know, only -- if there's -- even if the 38 people graduate in this class, we've only -- we've only gained net of 1. So -- and we can't -- we can't decrease the number of vacancies when we're not even gaining on what's currently retiring. So

we have got to get to a point where we are hiring enough people and we can then fill our cadet classes and we can get back to our Normal staffing levels.

[9:32:57 AM]

And then here's a chart that just shows you the history of the vacancies and the overtime, and the only significant drop there in 2014, as you can see, was that was at a time that we were at impasse in contract negotiations, and we were not counting vacation leave as productive time, and I don't -- don't ask me to try to explain all of that. It's just that in calculating who's eligible for overtime and calculating the pay for overtime, vacation time, when it was without a contract, did not count as hours worked. We're now, because of the contract, vacation time counts as hours worked. And the average hourly rate, and you look on this chart, right, and it just shows you the vacancies and the overtime that we spent in combat operations, but the average hourly rate went from \$23.80 in 2010, or fy '10, to 4 \$2 in this current -- \$42 in this current fiscal year. Some is because they've been making more, how we're calculating that overtime, and also that there's less people at the lower pay rate, that we're hiring firefighters to work overtime that have been on the job two years or three years as opposed to ones that are on the job one year or -- you know, or less. So we -- and we have -- we hire overtime based upon the lowest paid. All right. And that concludes the presentation.

>> I was just wondering if you could go through that last bit about what's causing that drive one more time, to make sure that I fully understand.

[9:34:58 AM]

>> Okay. So high number of vacancies, unanticipated high number of vacancies, we've had a large -- retirement is trending upwards, so we went from two per pay period to 2.4 per pay period. And lower numbers of students in our cadet classes. So if -- so we're not gaining on the number of vacancies as they're occurring. So that if the cadet class lasts seven months and I only have 26 people in that class and during that seven-month time frame five people per month are retiring or leaving the organization, that becomes 35 vacancies, so I've had no net gain. And we have a larger number of vacancies because we were hired -- we were delayed in hiring by the department of justice in 2014.

>> Alter: There was something that you were saying additional to that on the last slide about how much you were paying for the overtime beyond just that you had a lot of vacancies that you were covering in terms of the amount of pay per hour.

>> Okay, yes, I'm sorry. So we have a process where we hire the lowest -- we start off with the list when we have to fill a position, and individuals sign up for overtime, and then we -- we hire from this list starting with the lowest paid. So we're paying as little as possible when we're filling each overtime slot. But as firefighters gain experience and time, then their pay grade goes up, and when -- so our lowest paid firefighter isn't making \$23 an hour as they were in 2010, or fy '10, but they're now making \$42 an hour in overtime in '17, just because their pay scale has gone up.

[9:37:00 AM]

>> Alter: So the same level has gone up from 27 to 42 over that, or that person who started in 2000 --

>> That's correct. So let's just say it's that same person, it's firefighter number 1410 or whatever, so in 2010, or fy '10, they would have been earning \$23.80 on average on overtime. That same firefighter today would be earning \$42 in overtime, just because their pay has gone up over the years.

>> Alter: Right, but somebody who was an entry level would be making --

>> Would be making less, that's correct. They wouldn't be making \$23.10, but they certainly would be making less than the \$42.

>> Alter: Okay. Thank you.

>> Mayor Adler: Ed, are you here? Is there -- I guess what precipitated this conversation, just to frame it, a month ago or a month and a half ago was the question of was there a cost to our budget of the vacancies that wouldn't be incurred if we had a stabilized vacancy but not undue vacancy.

>> Well, we certainly have seen a cost, so you may remember last year we had a similar incident in the fire department and council authorized an additional \$3 million of overtime. That was added to this year's budget. As the situation has gotten worse, not better, we're projecting an additional 3 1/2 million being required this year, so we certainly have experienced increasing costs as the number of vacancies have gone up driving up the overtime costs and I think the chief touched on the dynamic that, you know, as we have this high number of vacancies and the need to backfill seats to achieve four-person staffing we're typically backfilling them with a higher salary person than if we had -- if we had the cadets actually hired, if we had those positions filled we'd be -- filled, we'd pay a much lower hourly rate than what we pay if we're backfilling the seats with higher paid, more senior firefighters.

[9:39:07 AM]

>> Mayor Adler: So one would suppose that there's a certain amount of vacancies which we're going to have in any department just because we have people retiring and we have people that are training, so you're never going to get to a place where you have zero vacancy, not a good place to be as you move people out. I don't know what that standardized place would be, the goal, if we were fully staffed. I don't know how many vacancies we have now relative to what it would be if we were fully staffed. I'll ask that question in just a second, but just to frame the discussion, there is a cost to the budget of not being at that place, is what you had suggested six to eight weeks ago. It sounds like it's like 6 1/2 million dollars to the budget, and I don't know if that is just the total overtime pay or if it's a of 6 1/2 dollar incremental what the maintaining maintenance, fully employed overtime would be. So that's the first question. What is the magnitude of the budget challenge that we're looking at relative to vacancies is the first question. And the second question is there was some discussion that I want you to comment on, is while we are filling those positions with more experienced people, so the overtime is higher, because it's overtime and not a new employee we're not paying benefits in the same way, because it's a new person, so new fte slot. So does that offset the budget increase or is that actually a true budget challenge that we have that together we need to figure out how to address?

>> Well, the savings, when we have that vacant -- and I'll let the chief chime in too, but if I understand your question, absolutely, the savings we receive when we have a vacant slot, because we're not paying salaries and we're not paying retirement benefits to that vacant position.

[9:41:11 AM]

We do receive that savings, but then when we fill the position on an overtime basis you're paying time and a half, and the time and a half, we've done some analysis on this, the hourly rate for that time and a half is significantly more than the savings. So when we talk about a 6 1/2 million dollar increase in overtime over the last two years, that's net of the savings. It's a very complicated equation, and we haven't had a chance to discuss this, but I suspect if we could get the number of vacancies in the fire department down from the 150 range that they're currently in to, say -- like you said, we're never going to be to zero, but, you know, after a cadet class graduates, if we could maybe have it drop down to the 30s, and then as we're waiting -- as the next cadet class is happening it maybe rises up to the 60s and then the class graduates and it drops back down to the 30s, I think if we could get to that pattern we

probably wouldn't need this 6 1/2 million dollars of additional overtime. That's my gut feeling, but it is an extremely complicated dynamic.

>> Mayor Adler: So does this -- is this a 6 1/2 million dollar budget challenge for us to get to more normalized vacancy levels?

>> Yes, I believe it is, and if you look at that chart -- I don't know if I can go back on that, the one on 13 that had the history of vacancies and overtime, and there's that red line that shows the average vaik kiss and then the -- vacancies and the combat operations overtime, and if you look at fiscal year '14 we had 67 vacancies, right? Average vacancies, and overtime costs were 5 million total, operations overtime costs were \$5 million. So it goes to show you that if we can, like you said, and like Ed said, get the vacancies down to a reasonable number, and we haven't been able to do that because of the department of justice.

[9:43:16 AM]

So that has been, you know, our challenge. So the answer is yes, if we can get that down to a reasonable number, we don't need 6 1/2 million dollars in overtime.

>> Mayor Adler: And so what do you do given the department of justice -- I mean, there's nothing to be done because of the department of justice?

>> No, I mean, I think the thing to be done is what we're doing right now. We're diligently working with the department of justice and our contract test developer and legal and human resources to make sure that the next test, which is being administered may 23 and 24th -- or 24th and 25th, starts the testing process that -- first of all, that we have adequate number of individuals taking the test and competing in the process, and making sure that we have, you know, 4 or 500 people that are eligible to be hired that we can select from so that we can then put in our plan next year is to have three classes of 45 individuals, so that when we get to that number, we're going to get to that number where we don't have those huge spikes in overtime. We don't need that additional 6 1/2 million dollars.

>> Mayor Adler: Does 30 sound about right to you as the maintenance level of vacancies we should carry?

>> It does.

>> Mayor Adler: How long do you think it will take the department to get to the place where we have 30 as what we're carrying?

>> I believe that we won't get there. I mean, if we think about -- we start a cadet class, but it still takes seven months to get them out. But if -- we're starting a class, if we have 45 in a class and in that time frame 30 leave, we're gaining 15, so -- and our plan is to start one class, then overlap the second class, and when the first class graduates, overlap the second class with the third class so, you know, we'll be running constantly cadet classes.

[9:45:18 AM]

>> Mayor Adler: So if there are 15 (indiscernible) 45 classes a year and looks like we're missing 120, so it would be three years before we get to the stabilized place?

>> I think we can get there faster, because we'll run at least two classes within -- we'll have graduated two classes within a year, because we're going to overlap. We've got a seven months and they'll only be in class maybe six to eight weeks and we'll start the second class, and then when that first class graduates we'll start the third class. So I believe that within the first year we should be able to realize at least 30 gain, a 30-person gain.

>> Mayor Adler: If you have -- and I'll pass it on, if you have 15 people per class.

>> Net gain.

>> Mayor Adler: Net gain, and you're running three classes a year, that would be 45 people.
>> That's correct.
>> Mayor Adler: And I'm at 160 and I'm trying to get down to 30.
>> Right.
>> Mayor Adler: So at 45 a year it looks to me like it would take three years. Am I missing something?
>> Yes. No, you're correct. Sorry, my math was wrong.
>> Mayor Adler: No, no, that's okay.
>> I'm trying to think in terms of -- my chart over there.
>> Mayor Adler: No, no, I was just making sure I'm understanding. Can we speed that up if we have four classes or five classes a year?
>> We can.
>> Mayor Adler: Does that make sense to do for the savings that we would get?
>> It does. We've discussed several things. One is, you know, the capacity at the training academy, you know, at the facility itself, and then we've also looked at or discussed using another training facility, oak hill fire department has a training facility that we're going to see if we can use theirs, and then a third option, and part of what would have to be a negotiated agreement, would be to do lateral hires or shortened cadet academies. So you hire folks that are ready are tcfp certified, Texas commission on fire protection certified, and then you also have to have experience working in a fire department, you know, over the last three years, you know, some other criteria, but then their cadet class is shortened by several months, so we can graduate people faster.

[9:47:31 AM]

>> Mayor Adler: So it would probably -- it would be interesting to see what that plan looks like, because it sounds like if you just had five classes and 15 in a class, that would be 75 people. So that would get to us the place in less than -- it would be a year and a half, and that's not counting taking a look at -- at different kinds of hires that might be able to shorten it. It might be a year to a year and a half, if that's what our goal was without sacrificing the quality of our system. It might just take a year, year and a half in order to be able to realize that 6 1/2 million dollars in savings.
>> That's correct.
>> Mayor Adler: Yes, Ms. Pool?
>> Pool: I have a couple of questions. If we were to add classes and try to run more cadets through them, that means that we have to have a pretty robust recruiting effort. How -- are we recruiting that many new hires for these classes?
>> We have significant number of individuals. The number of individuals currently in the process that are eligible to report for the written test right now is 1736. So -- and -- now, that's the number that are eligible. They don't all report to take the test, but then, you know, you start to lose some of your numbers, but we'll have adequate numbers in regard to recruiting.
>> Pool: And that's -- as you subtract out people as they age out, if they haven't -- age 35 they age out, right?
>> That's correct.
>> Their 35th birthday. How long have you had a pool of 1700 possible --
>> This is just new. We've just -- this is from the -- we just accepted applications back in April, so it's just from the April -- this past April, and then there were a number of interest cards, but I don't remember the total number of applications that were submitted in that time frame.

[9:49:31 AM]

But we now have 1738 that are -- 38 or 36 that are going forward.

>> Pool: Okay. And do we keep in touch with the people who have filled out the card, who show an interest --

>> Yes.

>> Pool: So if time passes they're still interested?

>> Yes. So we just had a discussion on Monday morning amongst the executive staff about doing some robocalls. In fact, council member Garza volunteered to do a Robo call. And then that will automatically call those -- those individuals that are on the list.

>> Pool: Okay. When I was thinking about the difference in cost between overtime for existing employees at whatever level they are in salary, and new hires, when you add the factor of benefits, which is -- I think is around 40%. Is that -- what is the benefits factor that we add, automatically add to a salary to know what the cost -- it used to be 25 and I think it's bigger than that.

>> Well, for a fire personnel, it's their retirement cost, which is about 22%, I believe is the city's contribution to retirement, and then it's just medicare and medicaid, which is 1.45%, the fire personnel don't pay into social security. So they don't have -- there's not that city cost. So that's about 23%. And then of course medical benefits are a flat dollar amount, so turning that into a percent dwps upon your Sal -- depends upon your salary. But if you're making \$50,000 a year, \$14,000 is -- that's a pretty high percentage. But the difference on the -- on the -- on the medical cost is the way we budget the medical cost in the city of Austin is we simply look at what is the actuarial -- health insurance actuaries, what do they say that the amount of money that needs to flow into our employee benefits fund is, and then we equally spread that across all the positions authorized in the city, filled or not, because otherwise it's very complicated to try to guess which positions will be filled and when, and at the end of the day we need that money to flow into the -- flow into the employee benefits fund.

[9:51:41 AM]

So there's really no savings when we have that seat vacant. About 23 or 24% is --

>> For firefighters.

>> For firefighters it's 24% on the dollar that is the savings, so you're saving about \$1.24, total, for every dollar of wages. But when you pay that out in overtime it's obviously much higher than that.

>> Pool: Okay. So on balance it's more expensive to be paying overtime than it is to be recruiting and hiring, primarily because of the level that the salaries are at?

>> It's partly because of the fact that, you know, overtime is time and a half, and the benefits aren't that equal 50%, but also you might have -- the vacancies are always at the lowest firefighter level, which might be making 20 -- in the 20-something dollar per hour range, but that firefighter seat when it's vacant may get filled by a lieutenant or even a captain position, which is making significantly higher hourly rate, so all that goes into why it's much more expensive to fill these in an overtime basis than if we actually had the positions filled.

>> And as far as who gets the overtime, assuming that it is -- there's a certain benefit derived from having the time and a half, are your longer termed officers, firefighters, the ones who tend to get the overtime more than others, than the newer -- the newer cadets?

>> No, not necessarily. In fact, the process that we use only -- we start with the lowest paid that gets the first shot at the overtime, but because we're not at the -- our lowest paid employees now are making so much more money. Now, the other thing that, you know, is -- it's just generational too. I mean, everybody has the opportunity to sign up for overtime. It's not limited to one person or another. The only ones that do not have the opportunity to sign up for overtime are those that are on probation.

>> Pool: Okay. But you were going -- you were going to make a point about generational.

>> Sure. The -- we find that the millennials, even the group that has now graduated and eligible for overtime, they're not signing up for overtime as much.

[9:53:49 AM]

They're more concerned with their time off. I mean, that's why some of them are retiring. On one of the retirement papers I just signed was for an individual that was just here for a little over four years, and I think I mentioned to you last time I was with you all, is we had one that retired after eight years and he was selling all his worldly goods and he was going to go travel the world with his camera and his laptop. So they're just a different generation with regard to -- you know, they're not as interested in the money as they are on their time off.

>> Pool: And you used the term "Retirement" I think in ways that other departments might just say resigning.

>> Well, resigned. Actually, the one with 40 years resigned. He didn't retire. He doesn't get retirement benefits.

>> Pool: Okay. Thanks for clarifying that.

>> I'm sorry, I use that term collectively but there actually is a difference. There's a difference between resigning and retiring.

>> Pool: And I think that's key. Because it does sound like we're paying retirement benefits to someone who has been a firefighter for four years and they do not qualify.

>> No, no, they do not qualify.

(Indiscernib

(indiscernib LE).

>> Pool: I have two more. The three and a half million is new money on top of continuing the three million.

>> That's correct.

>> And the additional 3 million or 3.75 for next year would be on top of that, so almost 10 million. Okay. You're saying no, you're saying yes. Let's work through it.

>> Okay, so -- and maybe Ed would be the better one to answer that question. He's the budget person. Ed always gets the tough ones. Go for it.

>> Ed was thinking about something he is. Could you restate the question, please?

[Laughter]

>> Pool: Good deflection. It's really just -- we already have increased the fire department's budget last year, or this current fiscal year by 3 million in order to pay for the overtime. We have to continue that.

>> Yes.

>> Pool: And so it's 3 1/2 million of new money for fiscal '18 in order --

[9:55:55 AM]

>> That's right. Yes.

>> Pool: Okay. So in fiscal '19 it's another 3 1/2 million, and Dodds is shaking his head know.

>> We don't go up 3 1/2 every year.

>> Pool: It might be more.

>> It depends on what happens on the vacancy chart that you've seen, but, you know, the additional \$3 million was needed when they had about 105 vacancies, and now this 3 1/2 million on top of the 3 million is needed because they're at about 150. So if they just keep it at 150, yeah, they're going to need that total of 6 1/2 million dollars of overtime every year. If the vacancies go up even further then they would need an incremental additional amount. I think what the chief is telling you, we don't anticipate

that's going to happen, that they'll start coming down, and as the vacancies come down in fiscal year '19 you would actually see the overtime amount required coming down. But it all is driven by that vacancy slide and how fast we can bring down the numbers.

>> Pool: And it's even possible that we won't spend the entire 3 1/2 million this year because if we are successful in recruiting and keeping them this year, they're then on staff in fiscal '18 and maybe you won't need as much overtime that we're talking about putting into your fiscal '18 budget.

>> So even with -- we probably will need that additional 3 1/2 million for fy '18, because even with successful hiring in classes, by the time we hire and we go through the process and they get through academy, it will be September -- end of September of fy '18 before they graduate. So we won't realize the benefit of that first group until.

>> A year and a half from now.

>> Correct.

>> Pool: Which makes it all the more important for us to really work very hard on those cadet classes and making sure they're full.

>> That's correct.

>> Pool: Graduate, and make sure they stay.

>> That's correct.

>> Pool: All the while addressing the attrition that we're having naturally with people who have worked here.

[9:57:55 AM]

And my last question is, and this is probably quick, chief, you said that vacation time counts toward work hours, earlier in your presentation. I just want to understand the reason or the theory behind that, and is that unique to a labor contract? Because I don't think -- and I could be wrong. We don't count vacation time toward work hours for regular employees, full-time employees.

>> And it may be best answered by chief Dodds, but the only -- the one thing I can say is that it is part of and it's unique to our collective bargaining agreement.

>> Pool: And so what is the actual impact of that?

>> It's the difference in straight time or time and a half. So the productive time counts as time worked, so then any -- we call it added time, but overtime is worked in that period is paid at a time and a half rate. If you factor that out, if you take off -- say you take off sick leave, or another type of leave, those hours do not count as productive time, and so they would offset the halftime that would be paid for any additional work hours that somebody would work, kind of in a nutshell. So it's a negotiated part of a labor contract.

>> Pool: Okay. I don't understand that, but I'm going to take it off-line and I don't know, others may not understand either but they may not be interested at the level that I am, so we could talk about it later.

>> And council member, and Mr. Mayor, you brought up the idea of doing more academies. I just want to make one point, that the way we run our training academies is we use adjunct instructors so we kind of swell when we have a training academy, and then when we don't have an active academy going we shrink back. We think a dynamic model works very well. I think we have excellent instructors and I do believe we've realized cost savings in that. But the point if we do run additional academies, the swelling goes for most of the year so there's additional costs to execute the academy.

[9:59:57 AM]

So the cost savings are offset by the cost increase of running the additional academies. Not that it's a bad idea, I just want everyone to understand there's an additional cost to running more academies because of the way we do our model.

>> That's a point different from the overtime including vacation time?

>> It is. It's a different point. But the adjunct instructors are writing on the apparatus today. They're creating vacancies out in the field. There's the increased costs up front, but once the cadets graduate, they fill additional seats and that lowers your vacancy rate.

>> Thank you. It would be helpful to have a ramp up like a three-year plan to show us what the savings is and what the costs is so we can have something as well as to know whether or not if anything has to be decide in the labor negotiations we're going to to enable us in order to be able to meet that path. Next speaker, Mr. Kast sar?

>> Casar: I'm interested in the overtime questions. My colleagues have overtime questions to keep it going.

>> Mayor Adler: Stay there for a second on overtime. We'll start with Mr. Flanagan and come back. You turned your light off. Go ahead --

>> [Indiscernible question]

>> You can go.

>> Mayor Adler: Your light was on first, but somehow or another it turned off. So I thought they decided no.

>> Houston: Do you all keep data on the firefighters who sign up for overtime and how much overtime they're using?

>> We do.

>> Houston: Not with names but can you tell me six or ten or 40u78 -- how many hours of overtime are they working.

>> I could, not at the moment. I could provide that to everybody.

>> Houston: It's interesting to me because overtime it goes back to the mental health of people.

[10:02:01 AM]

So if we have some people doing overtime over and over and over again, 0 hours a week of overtime, you can't do that. But a large number of overtime hours in my concern is about the wellness of that. Is there any way that you all check to make sure that people do not -- not abuse but use so much overtime that they become unhealthy. I don't need a long answer. But I think --

>> I can give you one very quick short answer is our policy is that individuals don't work greater than 48 hours straight. Now, there could be a couple of hours added on to that, like it changes shift, while they're waiting for somebody to come and relieve them, etc. But primarily, our policy is not to work greater than 48 hours straight.

>> Mayor Adler: Does that mean 48 hours a week?

>> That could -- that's -- it's not as easy a question as to say yes or no to. Because a 24-hour shift, they're on duty for 24 and off for 48. So, if they were to work an extra shift, so there -- say they're in the A shift, they worked 24 and then worked overtime on the B shift, then worked for 48. Then off for 24, then the next time they come on duty would be 24 hours later, they could be eligible for overtime. But it may not fall in the same week.

>> Mayor Adler: Is it possible to compare apples to apples. I don't know if it's possible to go from that to an average number of hours in a week without any overtime and average number of hours with overtime just something to have a comparison, maybe we could understand.

>> Mayor Adler: Per pay period. Or per pay period.

>> We have a planning and research group behind me, so I'm sure they're nodding their heads yes, we'll figure something out.

>> The average work week is 53 hours for a firefighter. It was -- when I joined, it was 56 hours a week.

[10:04:01 AM]

Then when we were granted Kelly days, that gave us every 19th shift off which lowered our work week an average of 53 hours a week.

>> Mayor Adler: That's without overtimeful it would be interesting to know what that number would be with the overtime.

>> I'm also interest in the vacation hours being considered --

[indiscernible] Can you tell me or do you know off of the top of your head how many overtime hours are triggered by the taking of vacation time?

>> I can't. I'm not sure I understand the question.

>> I'll explain. I really understand this. I'm not confused at all. If you take vacation hours and you already worked your 53 hours, you get time and a half for that vacation day, yes?

>> No.

>> No. It just would not -- it's part of the calculation on the pay. So you're not -- you're not paid for vacation. However, if you work added time in that window, that 19-day window, you get paid with the time and a half rate rather than the straight time rate.

>> Let me ask the question a different way. If you take the first day of the week as vacation and you work 53 hours or the last hours you work pay time and a half.

>> The answer is yes. But it would have to be a staffing shortage that caused you to work your full regular week.

>> Which we're under a permanent staffing shortage and have been for years. I get that. Also, chief, you said that overtime is given first to the lowest paid to kind of save costs. Is that correct?

>> That's correct.

>> But vacation time is allocated by seniority? That's what the union contract says.

>> Yes, the number of hours that you receive in a year is allocated by seniority. That's correct.

>> Then in a separate section of the union contract it says there's a certain limit to the number of vacation hours or shifts, maybe, that any one crew is allowed to take.

[10:06:09 AM]

>> That's correct.

>> Except for battalion chiefs.

>> That's right.

>> The data that I've seen shows that of the classifications, the battalion chiefs take the most overtime, the most. And they're the second highest classification eligible for overtime. When you laid this out, firefighters, the lowest class take the lowest numbers of hours of overtime, aggregate over the number of firefighters that we have. So there's a mismatch to the policy and the outcome. And that may be a millennials problem? I don't think many of the millennials in this building like to be referred to that way. I think Mr. Casar has a different opinion about that. I think he works a lot of hours. I think there's some more detail that we need on this. The majority of overtime per position. But based on the numbers I've seen, less than 300 hours of overtime a year. Battalion chiefs are taking 470 hours of overtime per year. The specific numbers that we calculated is 294 for a firefighter, hours, overtime hours. Per firefighters on average per year. Battalion chiefs are the highest at 474.

>> Per person.

>> The average of the overtime hours taken per person over the course of a year.

>> Okay. Councilmember, I can address part of that. First of all, we have a significantly smaller number of battalion chiefs and we do have rules in place for minimum numbers of staffing because the command element is so critical when we have events happen that we have that in place. We do not allow all of the battalion chiefs to be off at any one time. So if anything causes more than two battalion chiefs to be off, we fill it with the battalion chief to make sure we add our count.

[10:08:12 AM]

Not all firefighters -- the overtime is not divvied up under the firefighter rank. You can't take it -- you can't take the entire number of firefighters we have at that rank and divide the number. Because not all of them sign up for the overtime. There are many individual reasons why a person does not want to work the overtime. We do not force them to work the overtime. So it shrinks down the number of firefighters. If you look at the number of hours that an individual firefighter works versus the battalion chief, we have the fierl fighters working the larger number of hours. The analysis -- the battalion chiefs pay the higher rate. We fill that rank more frequently with battalion sheets. That's a cost driver. But the analysis is not quite as straightforward.

>> By no means is this the final analysis. We're going to be working on this in partnership and collaboration to make sure we're getting the best numbers we can get and understand all of the intricacies of the process and especially given union negotiations, we need to be very, very specific because the decisions we make get locked in predominantly over the next four or five years. This is what I've seen when I look at the numbers, it's important to bring yourself up. 53 hours doesn't include the 53 hours of overtime. That. >>S a good one, check, check. Yes. I am very concerned about the vacation hours triggering overtime pay. I'm very concerned about that. Because it is not reasonable to the community and it is not something we do for other employees. And I'm -- I'm interested in the policies around how vacation hours are allocated and to what extent that is being verified. The staff will be through the department of budget offices and how many hours of overtime are being triggered through the taking of vacation hours.

[10:10:21 AM]

>> Vacation is only triggering at a time the way you're describing in this current climate. When you're fully staffed, somebody taking vacation does not trigger overtime. The staffing model has five firefighters assigned to the apparatus. That gives you an additional person that fills in normally when someone is off on vacation or sib. In a Normal budgetary cycle and fully staffed, someone being on vacation does not trigger overtime hours. It's kind of rare. It's based on the total number of reasons there are now people on the apparatus, that's what triggered the neat to fill that. There's a lot of reasons people are off, people are injured on and off the job that can't fill that. That's not their vacation.

>> Okay. And, again, we can go round and round on this. How are we defining "Understaffed." Obviously 100 plus vacancies is a problem. But if we're at 30 and we stay at 30, is that not technically understaffed? Is there a definition for that word?

>> I don't know that there's a true definition. But I think that when we're staffed at the appropriate number of folks, you know, obviously we never have zero vacancies, because it's just impossible to control. But if you have 30, you have 30 vacancies, you're never going to be able to have everything filled. There's a class in session. People are retiring. Unless we overhire, right? And we hire 45 people more than we currently have room for. Then we get to the point where maybe as the vacancies trickle down, you keep less numbers.

>> I'll move on to a different question if that's all right. Do you want to do overtime? Sorry, mayor, I took over for a second.

>> Mayor Adler: That's all right.

>> The numbers that we're seeing on page 13, I wonder if that includes special events overtime kind of along with what they need to do to cover the basic safety for the community?

[10:12:32 AM]

>> That is strictly combat operations overtime. So it does not include any special events.

>> It does?

>> It does. Oh, sorry.

>> Trying to understand, if a portion of our overtime is the coming from special events, and we have a standard rate that we're charging for overtime for special events, one way to make up this budget shortfall is to charge more for the special events because during this time period where we are understaffed, in order for us to provide that service to those special events, we have to pay more. And so I would like to understand what portion of this we saw there was a fair amount of money that the city was waiving and fees but there's also money that these special events are paying us involved with the events they're putting on.

>> The finance department for the department. We included all overtime. There is a portion that's reimbursed.

>> Do you know what portion? I would like it if you could follow up with that. And I would like know what rate we're charging special events. What you might recommend. Is there a fee as part of the budget process?

>> There is a fee.

>> I would like to understand if we were to increase that by \$15, what would that allow us to do in terms of covering some of the costs involved? I would like to see that as followup. We talked about the benefits. In addition to what we're paying, is there some cost down the line for the pensions.

>> The overtime that the Austin firefighters earn are not factored into their pension.

>> So no additional.

>> There is not.

>> There's not. And I'm trying to understand what elements of the contract drive overtime.

[10:14:34 AM]

So far today, I've heard one of those, that the vacation hours are being counted by productive time. So you trigger overtime faster in some situations. What other elements of the contract are contributing to the overtime or the understaffing that's creating the need for overtime?

>> Councilmember, I was going to jump in and say when we touched on this, we heard some of these questions, I believe last week when we were touching on this. And we're poised and should have at this point released information that responds to questions about whether the drivers within the contracts. Productive time is one of those. And hopefully we'll be able to release that information so all councilmembers will have it.

>> Okay, I appreciate that. The other driver of overtime with understaffing is retirement or people leaving. And I don't know if this is the appropriate time, but some point this morning, I would like to understand why it is that people are leaving so that we can -- we can reduce the vacancy rate by hiring new people. We can reduce them by retaining those people who are there. I understand some of this is just the age and there's lots of businesses all over, you know, the country that are facing these kinds of

retirements. So I know this is not unique to you. But that's another side of this beyond the recruitment. I would like to know what we're doing on that end to retain our firefighters.

>> So, actually, our retention rate is extremely high. I did say, you know, last time we had one that left with eight years and this time we had one that left with a little over four years. But you usually hear you're going to see the world. The four year plus one came from California. He got a job out there and he went out to go take a job to be in California, go back to be by his family. The answer might be is to hire folks that either, you know, sign a contract to stay ten years that come from out of state.

[10:16:40 AM]

But you don't hire folks outside of the state of Texas. You don't really want to do that --

>> Those are very individual cases. I mean, you know, we still have -- folks are making a choice to retire. Do we understand what's driving that. Are there things in the contract that are driving that? And there are folks that are -- that are leaving, I mean. Do we understand why they're leaving?

>> Councilmember, most of our firefighters are putting in a full career. And they're 30-year employees of the city and they're just ready to retire. We just are getting a large number of those. It's a baby boom generation. We came in hiring 80 to 100 firefighters a year. It's that bubble coming through the city right now. And because of that large number of people, they're seeing their Normal retirement time. And I -- listen, we threw a lot of money at them. Most firefighters, they plan their lives to leave at the moments they're leaving and we're just realizing that phenomenon of hiring 30 years ago.

>> Mayor Adler: The relate tension -- retention rate is high?

>> Most of our firefighters don't retire until they hit the 25 to 30-year mark.

>> Mayor Adler: Do we know the retention rate compared to peer or other cities?

>> I don't know what it is. I mean, I imagine it's close in other fire departments, it's just the way it is in the fire service. It's -- people -- one of the few services today where people come and stay for 20 to 30 years.

>> So I -- the vacancy numbers that were being given, obviously, all are based on 4% staffing. Would those -- would -- not suggesting we should change that.

[10:18:40 AM]

But would the numbers change if the council made a decision to go to 3% staffing? Or to not have 4% staffing?

>> Yes, if council made a decision to reduce the mandatory -- staffing, yes, the vacancy numbers -- I thought I was on, sorry about that. So, yes, the answer to your question is yes. If you reduced the mandatory staffing from 4 to 3 per happen

-- per apparatus, then the need to fill that seat would go down and, yes, the overtime numbers would go down.

>> So, is that -- can somebody provide us with specific numbers on what that would have, the impact on the budget?

>> It's based on the specifics too. 40 fire companies are run at four-person staffing. So, you know, if it's just a desire to try to address an overtime bubble we're seeing, you wouldn't necessarily need to move way from four-person staffing. It would be some of it. If we moved from four-person staffing on all equipment and wept to three-person staffing across the board, it's a large number. If there are priorities on what you're looking for, we could do the calculations for you.

>> I don't know what the most appropriate parameters would be. I would say that the parameters would be to make a change that has the least impact to service. Greatest impact to budget. It would be

helpful. That's a policy decision that was made several years ago. It would be good to know what the budget implications of changing that policy.

>> I think we already run the numbers on looking at the 2007 resolution, which called for four person staffing on engines and ladders and two-person staffing on rescue equipment running ladder and rescues as well at four-person staffing.

[10:20:47 AM]

And I believe when we do the call cue lag -- calculations, if we revert to the to-person staffing on the rescue, \$3.8 million savings that we calculated working with the fire department.

>> I don't have that number in front of me. I think --

[indiscernible]

>> And I guess while she's coming up, one of the things just to clarify is that the council policy resolution that came out in 2007 specifies the staffing that you just described. If we did something short of that, we would have the prerogative of finding what options she might provide to the council budget scenario. So, if you want to go ahead.

>> The director of the fire department. If we were to roll things back to where we reduced nonfirefighter positions on the ladders and 24 on the rescues, for this year, it wouldn't save that much because it takes time to implement that and rewrite some of the standard operating procedures. Roughly three months of the costs of doing that. And that's approximately \$950,000 in benefits in moving those people off of the apparatus in to the vacancies. For the full year, the savings for that would be closer to \$3.5 million for a full year. But as was mentioned earlier, this would probably be a temporary measure so there's a lot of things that need to go into play with that. Does that make sense to you?

>> Mayor Adler: What do you mean a temporary measure.

>> We have to go through an additional process if it's a permanent measure in terms of enforcement. That has other implications down the line too.

>> And councilmember, I want to caution that any change like that while it's a reduction staffing, it as a financial impact, it has a dramatic impact.

[10:22:51 AM]

Our whole operation is built around the staffing model as it exists today. The organization would have to react to that and our response models would have to be adjusted and that would have an impact on the organization and the city overall.

>> And the -- I guess that was -- goes on to my next question. I think that I've -- I might have follow-up questions, but I'll think about it. That's why you presented us with the performance measures of before and after so you could show the benefit of 4-person staffing. You able to provide this data for additional years outside of the two years. It's hard to recognize a trend when you only have two data points. I would be interested in seeing a broader range of data points from slides 8 and 9.

>> We can provide those also. You want every year or the years between.

>> If the data is readily available, then the more the better. So the change was 2006, 2007, interested not only interested in 2006, 2007, 2015, 2017, but a little before.

>> It gets a little more difficult when when he go before in terms of how we are keeping the measures for the performance records. A try. Maybe hit or miss. Certain measures may go back, others may not.

>> Troxclair: I do think that's an important -- I do think those years would be important data points. So whatever information you have would be helpful.

>> Mayor Adler: You have to understand the readiness and performance is the key. It's a safety function that's being provided here. It almost is it correct that osha because of the two in, two out pretty much requires four people across all of the pieces of equipment?

[10:24:52 AM]

And at this point, that's what most cities do?

>> You're correct. Osha doesn't require you put four people on each apparatus, that's according to nfpa 1710 standard of deployment. But the osha requirement is before you can make entry to an idlh, immediate danger to life or health environment, you have to have four people, two in, and two out. You could bring them in on separate apparatus, but you have a time delay of arrival of -- you know, sufficient people in order to make entry into that environment.

>> Mayor Adler: Would all of our benchmark cities be doing all of the same policy of four people on all pieces of equipment that we do? At this point?

>> Not sure I can answer that question.

>> Mayor Adler: Trying to compare us to other cities. Other benchmark cities we compare ourselves to all have the same policy we have with respect to putting four people on each piece of equipment. My understanding with staffing perspective, there's five people in the fire station so that you have five people there to fill the four spots so that as people will be sick or vacant, there would always be four people there.

>> When we're fully staffed.

>> Mayor Adler: Is that what all of the benchmark cities, comparable cities to us are doing.

>> Yes, they are.

>> Mayor Adler: Do you mean in Texas or across the nation in?

>> Mayor Adler: I'll ask for both.

>> El Paso, four person staffing.

>> Troxclair: You said the other cities, I missed them too. Would you mind saying --

>> It's on your --

>> Dallas, ft. Worth, San Antonio, and Houston. They have four-person staffing.

>> Mayor Adler: On all vehicles.

>> Because we're able to put four personnel on our rescue units specifically, we didn't decrease the utility of that apparatus by staffing, we increased it.

[10:26:55 AM]

And I mean that because it not only still does all of the rescue tasks it had before, but now it can substitute for a ladder company on fire ground operations because of the four-persons that a ladder company normally carries. So they can do many of the tasks, inside truck, outside truck, which are the we divided the fire ground. Before, with only two members on there, a captain and a driver, we've got -- we gained another command element and we gained another single resource to do task force at the command post. We lost fire ground effectively -- we didn't lose it. We didn't have it before. We didn't have effectiveness to the level we have now because of the two additional firefighters that have been allowed -- that the council approved to be on the rescue units. To go backwards, we would notice an impact on our effectiveness on the fire ground just because of that staffing reduction. We would have to go back to that model we gained another command element at the command post. But we would lose elements of effectiveness actually due to the task of putting out the fire and rescue people.

>> I would also remind individuals that part of our response is medical calls. And in most cases, we're usually at first patient contact. Most patients are saved by the basic life support intervention. So we are

saving more lives because we are there sooner and quicker in every case that required cpr, I think we mentioned this to you the last time we spoke to you about the pit crew and that was four people are needed in regard to how we handle people that are in cardiac arrest. So it's not just, you know, two in and two out which is a requirement, it's just providing the service that this community deserves and that's what we do.

>> Mayor Adler: Okay. Mayor pro tem?

[10:28:55 AM]

>> Tovo: I have a question about staffing related to staffing and a question about something not related to staffing. Are we -- I'll ask the one about staffing and hit the other one later. You talked about some of the things you're thinking of doing to get more out of the academy. One involved using the oak hill training area eventually.

>> That's correct.

>> Tovo: I assume from that you're considering lots of options on how to structure the academies. Are you considering when you describe, chief Dodds having 2 instructors kind of pulled away from their ordinary responsibilities to be instructors. Have you considered looking to -- to get adjunct instructors from other places so that we're not creating a vacancy within our -- our force? And is that -- I guess my second question would be, is that allowed by the contract or is that --

>> Councilmember, most of the other academies, they use most of their firefighters to be their adjunct instructors.

>> Tovo: Around the country?

>> Not around the country. Around us. Every fire department operates differently, different values, different safety practices. We all speak the same language but we value things differently. We build our model around what we value. We find a tremendous value in our personnel being the adjunct instructors. Like the Ibj academy and the other fire academies around, which are relatively small academies, even oak hill, it's typically Austin firefighters, they're not all of the instructors, they're big instructors in the case.

>> Tovo: That's not an option.

>> The numbers, not the numbers we need, no.

>> Tovo: I have one related not to staffing at all.

>> Mayor Adler: Additional staffing questions? Mr. Casar?

[10:30:57 AM]

Sorry? Mr. --

>> How did we get here? I know that there was a lawsuit or something. Can you tell me exactly how did we get so far behind?

>> Yeah, so, there's several factors that play into this over the last so many years. When we were at impasse, we did not have a hiring process. That's due to the fact we can hire one of two ways in entry level. We can hire according to state law code, local chapter 143 that says we administered a 100-question written test and write those individuals based upon their score from one to how many take the test. And then we hire from one all if way down.

-- All the way down. Prior to my arrival, long before I got here, it was determined that it had extreme adverse impact. The other way we can hire is through an negotiated agreement with the labor force. In our case, it's a collective bargaining agreement. That allows us to hire through the article that is the negotiations. So we can do a certain percentage of the overall score and the oral process counting as part of it which increases and improves the diversity. Tere were several times where we did not have a

collective bargaining agreement. A decision from the city manager's office at that time was not to give a straight written test. So we didn't do any hiring. So the number of vacancies just continued to accumulate. We got our numbers back down. Then you saw on the chart, we went to impasse again. And we had the department of justice come in in 2014, we started that.

[10:33:06 AM]

So that just allowed the number of vacancies to increase. If we had a regular hiring process and we could get to one that is -- that we could duplicate and lepry Kate and that's sustainable, we won't have this overtime discussion.

>> Renteria: So if we have an impasse in the future, we'll be in the same situation?

>> Can I add to that? I believe now in the cba there's language related to the consent decree that allows us to continue with the current practice so that we will be able to get the assessments that help to reduce the impact. So we want to add to how we got to a consent decree, that started with a single individual in 2012 who filed an eeoc complaint and that eeoc has an oh obligation if they think it's related to something broader, they kick it over to the department of justice. That's what happened in our case. They gathered a lot of data that was bigger than that one person and provided that data to the department of justice. Then the department of justice asked us for more data and determined that they wanted to go into that arrangement.

>> Renteria: So they can go into it for a period.

>> That was resolved. That took time.

>> Renteria: And do you think you have a larger class?

>> Yeah, so that number 15 was a net gain. Our classes that graduated most recently, 26 in one, 28 in another. The class currently in session right now has 38. We plan to put 45. That's the maximum capacity per class.

[10:35:09 AM]

45. That's not just fire space. It has to do with fire ground and drill space and how many pieces of equipment and how many people you can put through each exercise as they're training.

>> Renteria: So you're saying that you're actually using fire trucks and equipment that could be used out in the field or do you have the equipment on site.

>> We have that equipment on site. At the training field, we have several apparatus that are strictly for training so we don't have to pull them in to run these exercises. And we have self-contained breathing apparatus. We only have so many units there for them to use to drill on.

>> Renteria: So what is the maximum number that you can actually -- cadets you could train.

>> At one time? 45.

>> Renteria: 45?

>> Oh, 90, because we're going to overlap classes. But 45 in teach class. So we'll put 90 on scene. What we do is start the first class with the emt training. When they're done with the emt training, they go out to fire operations training and all of the other training that we do, then other class would come in and start an emt.

>> The 90s are not optimal. They have to coordinate it so they're not using the same type of equipment at the same time.

>> I want to make sure it's clear. We don't always pull all of the instructors out of operations on any given day to work a training but they are all operations personnel. So, if they -- if they do not actually leave their apparatus, we have a back fill there, then we'll be hiring them at an added time rate because they'll be putting in additional hours at the training academy.

>> Renteria: Thank you, that's all of the questions that I had, mayor?

>> Martinez: Okay, Mr. Casar.

>> Casar: Slide number nine, kind of a basic question.

[10:37:10 AM]

To understand the slide. Am I to assume where it says fires from 2200 to 1,000, that means that the number of fires went down by more than -- got cut in about half.

>> That's correct.

>> Casar: On the slide beforehand where the fire deaths per population also decreased not quite by half but by that more or less. Is it fair for us to understand that four-person staffing, nothing occurred here. But also the number of fires having occurred here and lots of other things could have be the change or did you guys control this fire death per population to also account for the decrease in the total number of fires?

>> It's only to account for the population increase. So the number that you see on the slide eight is just a per population. The other thing I wanted to point out to you is that those are calls for fires that are in the thousands. When you go to the slide ten, sometimes they'll get there and it will be a strong odor of something or it will be smoke. And so found fires, those numbers are literal fires with multiple apparatus.

>> Casar: That's very helpful. So it looks like your actual number of fires -- so what I asked the first question, nine, the answer is actually no, the number of fires was not 2,241 and 1,000. That was the number of --

>> The number of calls.

>> Casar: Better labeled fire calls.

>> That's another way we refer to them. Yes.

>> Casar: So my first question is actually this, it should be fire calls. And then the next one is actually fires. And so the number of fires went down by 1/7. But the number of fire deaths went down by just -- somewhere around the third.

[10:39:23 AM]

So that's.

>> Another thing to understand.

>> If you look at the trend line, it bounces around. Taking two ends of the trend line, if you were to draw the lines in two points in time, the year before, it could have been prior to the 618.

>> Casar: Ultimately that helps to understand what the overall trend was in the number of fires. And then the per cap here or controlling for the number of fires and controlling for population.

>> Harder for us to control for both pieces at the same time. We could do the control in population or the control -- and compare.

>> Casar: So then we could understand what all of the different variables might have been that changed over time. That led to the important decrease. Obviously, we want folks to have the lowest chance of dieing in a fire. That makes a lot of sense. To understand all of the different factors that went into it and what the trend was in the past years. It will be helpful as we look at the community for our results.

>> Mayor Adler: Seeing the numbers -- seeing these numbers, incidents, whatever they are, per 100,000 in addition to the output numbers. That would be helpful. Ms. Houston, Ms. Alter, and then Mr. Flanagan.

>> Houston: Thank you, mayor. One of the questions was answered about could have 45 people in a class running two classes a year. And that -- was that best practices or is that just what we can manage with the number of instructors that we need and the time?

>> I think it's -- the maximum number. I don't know if I would say that's a best practice. But I think certainly the number that we could manage and we could manage and still not degrade our training program.

[10:41:23 AM]

It's really important that, you know, we look at -- I know that councilmember tovo asked about using instructors from outside our own organization and the one thought and the one thing I want to state is that different large cities train differently and they have different values. And I will tell you that several other large cities have had a high number of firefighter fatalities and we have not. Then you do look at Houston, who hires more rapidly, probably trains them and puts them out much quicker, the fire fatality rate over the last nine years that I've been here. I've been to ten firefighters in Houston. We haven't had a firefighter fatality since 1977.

>> Houston: Thank you. And my last question was this is a second consent decree for the fire department, am I correct? The one in 2014 and then there was one prior to this.

>> The second --

>> Houston: Consent decree.

>> Yes, there was.

>> Houston: I didn't want people to think this is the first.

>> No, it was not. There was one I think back in the '70s, 1977-1980 that it ran. I'm not positive on that.

>> Alter: Thank you. I understand there's a test later in may people can apply?

>> It's too late. May has been cleared. In order to be eligible to take the test, you have to meet certain minimum qualifications. So we may get at random, they have better numbers. Number of total applicants that we received.

>> Total applicants around 2000. Looked like qualified around 1730 something. And that will determine what the class is for the year or will you run a test again at some point.

>> We will run another test. But our goal is it's hopeful we have the two-year time frame.

[10:43:29 AM]

>> Alter: There's a second test in may. That will take place in June. Those two scores are added together.

>> Alter: The reason I was asking is that each of us has networks and groups of people that we can go to and spread the word, these are great jobs for people and great opportunities and, you know, if there's some simple ways that we can help in the future, will you give some advanced notice, I know my office would be happy to help in that way, just kind of an additional thing to throw out there. This being a priority to get the word out in different ways. The next question is, as we -- as we think about service contracts with esd-4, the merger or whatever, you want to call that, there are firefighters there that could hire into the system to reduce the vacancies. I'm wondering what impact we're expecting that might have if any. Or in either direction, which direction that will impact the vacancy rate and, you know, are there opportunities if we were to hire some additional folks to meet some of these needs.

>> We are actively working on a contract negotiation right now. And many of the things that you just asked about are part of that negotiation. But this is part of this contract for service. We are looking at acquiring some of their employees. Now, it looks totally different than our Normal hiring process. So it's acquiring the employees. But there's going to be a process for which they would be phone shilly the city of Austin employees. But absolutely we're looking at it.

>> Alter: At this point, it doesn't look like there will be a surplus of people. It will be a goal to fill two stations. They won't go to those two stations.

[10:45:31 AM]

They'll be mixed in in the general group. But earlier, we were concerned that we would have more people that would qualify and that doesn't look like the case at all.

>> Alter: I wonder in terms of management of the overtime, do you have a human capital management system, or is one of the systems that we have in the city that's an arcane setup? Okay. And would something more sophisticated help you to manage that better so we would be in an overtime situation less often?

>> It would very much help. We now kind of cobble together a couple home grown systems to track a lot of things related to our complicated pay and tracking the leave and sign up for overtime and all those sorts of things. We've been a part of the conversations of human capital management. We would love to continue to be a part of it.

>> And this is a discussion that you're looking at specifically for the large package for the city as a whole.

>> We would love to be part of a larger piece, we have to be a part of the larger piece for the rest of the city since we have emmro iees that go back and forth, the firefighters back and forth between operations and 53-hour weeks and some of them work 40-hour weeks just like the civilians do. So we need to be able to filter and all of the things that the city employees do.

>> Alter: I would like to ask the city manager if we can have some idea of what -- what efficiencies we would gain if we were to implement a more sophisticated human capital management system, not just for fire, but for other things. We do our paper time sheets and other kinds of stuff. And I know that would cost a lot because I understand the estimates. But I would like to understand better what the gains might be if we were to make those types of investments moving forward.

[10:47:35 AM]

>> We've been looking at purchasing one. The cost estimates is in the range of \$59 and several years to implement. We recently, I guess within the last year looked at a cloud solution for the nonpayroll portion of that. That was at a lower cost. We'll resurrect some of that and bring it back to council. .

>> Mr. Mayor. I want to follow up. I79 to remind you all that our staff is working on a smart city strategic plan and it's designed to inventory and list all of our needs from a technology standpoint. So it's really, really important that we make sure that we put all of the things that we're talking about in that plan. So a human -- the type of human capital system that councilmember alter is referring to and the city manager is referring to is exactly the type of systems that we're talking about, included in the smart cities plan. We need to get a handle as a -- as a councils as a staff, on all of these needs. There's a lot of room for efficiencies in how we operate. So, and that will help us to make the investment decisions that you're talking about.

>> I have to jump in because I have to head to the airport real quick. I just want to -- I know the way we respond -- by our response, things have probably changed since I've been in the fire department. But with the discussion regarding four-person staffing, a lot of the questions are more on the how it affects our response times and how it affects fire outcomes and that thing. That's all very important. I want to make sure we know how it affects the people who are working. The firefighters that are working. You will have a lot of personnel responding to a fire. There are -- please correct me if things have changed, but you know for car fires, you might have one engine responding and that's it.

[10:49:42 AM]

If you have three firefighters -- I've been on a pretty bad car fire staffed with three people. It's tough -- it's tough to do certain things when only one apparatus and rescue calls when people are pin in and you're trying to get them out of the car and you're the first ones there, with three people, it's tough. I was at a multicompartment station where we were staffed three and three while we were going through a transition period. So when we talk about retention rates and folks being ready to go after 30 years, a lot of folks were on fire engines for three people and they've had a really tough career. So I want us as we're having this discussion of the staffing, it's good for both -- good for fire response time and good for our firefighters, making their job a little better. We can change the hours for ems, try to help with that mental health aspect councilmember Houston brought them on part of it too. But I want to make sure we're considering that side as well. It improves the safety of our first responders, that four-person staffing helps on calls and when someone is digging and they hit a gas line, the fireman has to go, you have to get suited up and stand an hour in your gear with the water line waiting for the gas company to come. And you -- you'd like to have a break if there's somebody else there that can't give you a break holding that -- that fire hose. So I have to go -- but I'll see you later.

>> I think just one other thing to add to that is just the outcome. You know? To the community. It's not only taking care of our firefighters, but giving them the best opportunity to provide the service to our community that we expect.

>> Casar: You said on the slide about the fire calls versus the structure fires, is there some reason why the gap between those two has fallen so dramatically?

[10:51:49 AM]

Where a lot more people reporting fires incorrectly in 2007 or did we change how we calculate that?

>> Are you on slide nine?

>> Whatever that slide is. I've written it all down for my own tracking. The difference between the slide nine and the slide 10? So you -- it was said in Mr. Casar's remarks that was the call. Was there a reason people were reporting more fires in 2007 versus now? This is a big change?

>> I would venture just personal experience it has to do with how we handle it at the dispatch side, that something is going on with the protocol when someone calls in and they're able to figure out if it's truly just smoke coming in from Mexico or from a controlled burn or something or if it's something they need to send somebody out to.

>> Flanagan: It sounds similar to tracking police data and changing that classification.

>> Exactly.

>> Flanagan: It becomes a challenging situation.

>> Which calls we go on changed the amount of times too. That's probably it.

>> Flanagan: I have to think in terms of how we're tracking that deaths per 100,000. Deaths per fire seems to be a better calculation.

>> We were trying to show the deaths of population grew. The prevention efforts so things like smoke alarms.

>> Flannigan: It could explain the fires.

>> It reduces the fatalities. So it could be a combination of things that as a population grows, you would normally expect an increase in the number of fire deaths too.

>> Flannigan: That's important for us to fully understand. I think a lot of progress we made in the city in terms of fire safety is not because of four-person staffing. It's because of other factors, the call concentration, the education on whatever it is and a lot of other factors that go into play that reduce the number of fires and reduce the -- the -- or improve the outcomes of the fires, not just four-person staffing.

[10:53:58 AM]

Though I'm more inclined to agree with councilmember Garza on the safety of the firefighters themselves. The other reason for four-person staffing, not so inclined to dig into that issue. I'm more concerned about some other things. Although the two in, two out makes a lot of sense for structure fires and many of the calls. I understand the point that more people on the call is better for the person -- I want to know more about that.

>> Councilmember, safety is no bigger issue than it is today. We see things all the time. Scene awareness is a critical component of all agencies today and having additional staffing. It means when you go up to a scene that you're aware of your environment. So for every incident that occurs, a traffic collision, it's important to note that while we're focused on the task of pursuing the person trapped in the vehicle or injured, we have to be aware of the traffic patterns, we secured the scene, and conditions do not change while our personnel are in there. Having the additional staffing allows us to do our job. The chance of getting an Austin firefighter run over on the side of the highway or injured on the scene because we're not watching the crowd around that scene is better because we have a four-person staffing. That's a new element added to our dynamic.

>> Flannigan: Houston, they have four person staffing. Why more firefighter deaths?

>> I think their safety culture. And we do things call add risk benefit analysis. And if you were to talk to Houston firefighters, they would tell you we're an aggressive interior structural fire fighting department. It means they may go to an interior structure, a great example is a McDonald's at 2:00 in the morning and going in and doing an interior attack in McDonald's with no benefit to be gained. Lost two firefighters in that structure.

[10:56:00 AM]

We in turn would evaluate that and say it's 2:00 in the morning, there's nobody in there. It's -- it's a defensive operation, not an offensive operation. So that's what accounts for the difference between the number of fighter fatalities.

>> Flannigan: Good to know. Last thing I want to bring up, it's more of a thought exercise. In the research that my staff has done, we found that there's a staffing model that allows for temporary firefighters to come in for a short term way that then, as a result of the four to five-year tenure earn a college scholarship. And you would do this not with everyone on your crew but maybe that fifth person is brought on through the temporary staffing model where you're reducing your pension costs, you're reducing the other costs. They don't hit that five-to-ten year salary bump level over time. And you're generating college scholarships for the community. The research that we've seen, 50 fire departments that are using that model has ever been thought about or investigate?

>> I'm not aware there are 350 departments that are using that. I'm aware of some that are doing that. Most of them are smaller sized departments. They're not large urban metropolitan fire departments.

>> Flannigan: The largest one -- I don't want to say the wrong city they had the same number of fire stations we did. That's an outlier. The majority are smaller. Something to think about.

>> Sometimes that may work too. They might have the same number of stations. But out over a very large area in the population density is not the same. There's a lot of dynamics that change.

>> Flannigan: We're the most distributed in terms of population. We have a low density in Austin. That would skew it more towards my point. But I think that you talk about the millennial who left early. It's interesting. It flows into this. There may be a community of folks that would -- that would love to serve and participate who don't do it now because the only option is career.

[10:58:10 AM]

>> That's true. And there are state laws that govern who we can hire. There's a whole bunch of things that play into that as well.

>> Flannigan: Obviously it would be a fairly dramatic thing to implement. There would be a lot of Is to dot, but, I think it could provide a lot of community benefit.

>> Okay.

>> Houston: After that, I've got something.

>> Mayor Adler: Go ahead.

>> Houston: A segue. Councilmember, there are two options here in Austin that we don't utilize very well, the Ibj fire academy and pass the torch, which are all programs that are staffed and trained by Austin firefighters. But they don't get any leg up to go into the force. I mean, it's just -- they're just like you and I walking in off the street. And so we've got two programs that would help that pipeline, but we don't utilize them.

>> And that's sort of a recruiting, hiring challenge as opposed to a staffing challenge. But you're correct that we have two programs that do not give any credit or advantage to individuals that complete those programs.

>> Mayor Adler: Mayor pro tem.

>> Tovo: And I think that's very unfortunate. I think that would really be a good policy change to consider. And I know it comes up from time to time. I'm just adding my support for that someday changing. Let's see . . . I wanted to talk for a bit -- well, I think I want to get back to your -- a response with regard to the human capital system. And I think the question was framed as, would that help -- could that help lowering the need for overtime?

[11:00:13 AM]

As I heard the question, I thought it was about -- would a better system help us lower our need for paying overtime officers. And then it was coupled with a question about would that help. I just want to really ask clearly, would a fancy new system in any way resolve the issue we're having with vacancies?

>> It probably would not reduce the structural issues that we're looking at right now. But it would allow us to get you better data, faster data. It might allow us to examine patterns that we could mitigate some of the costs in a more minor way if we had the data more readily accessible.

>> Tovo: Okay. But I wanted to be really clear it sounds like the issues are much larger than a fancy new system.

>> That's right.

>> Tovo: Could address.

>> That's correct.

>> It would help, as you said, primarily with data.

>> Identifying trends.

>> Tovo: Which is not going to resolve the issue.

>> No, it's not.

>> Tovo: Okay, thanks. Testing, I wanted to talk about the testing and the ratio that's placed currently on the written test versus the oral test and whether adjusting that would impact the numbers of potential candidates for our academies.

>> The current ratio is 20% written, 80% on the structured oral. And there is some variation in that. Our vendor has talked to us about the impact of that ratio. But a lot of this has to do very specifically with the pool of applicants we get from this region. So even though the research may show that in other

cities lowering it -- we wouldn't have a guarantee that it would change the pool that come out the other end.

[11:02:14 AM]

Does that make sense?

>> Tovo: I think so. There would be no guarantee, but is it a best practice, is it recommended to lower that ratio on the written test?

>> I don't know that you'd refer to it as a best practice so much as it's similar to the larger issues with testing. Things like A.C.T.S or sates that pen and pencil has a more adverse impact. If that same pattern held as it does with other testing scenarios, then it could help reduce some of that.

>> Tovo: Have there been any recommendations to lower the percentage rating that's placed on the written exam?

>> We've had conversations with the vendor and in bargaining discussions, so we've considered it. It is a big part of our agreement, our bargaining agreement.

>> Tovo: Right. And is it also a conversation that you're having with the testing vendor about tweaking the questions or making adjustments to the questions so that there is less of an adverse impact?

Because as I understand it -- and I hate to even say it aloud, because I understand it. But as I understand it, and would summarize it, it sounds like part of the issues that are happening is that you're not able to use many as many candidates on the list as you might because of the concern about adverse impact. And so if there were a way to address the adverse impact, we would have more candidates to send through the academy.

>> That's very true. Part of the process is that the vendor goes through with his assessment tool. He validates it by utilizing it with as many possible persons taking that test as he can, and then he looks at the, sort of, statistics associated with successful completion of the training academy and those sorts of things.

[11:04:19 AM]

So this validation process sort of encourages using the same assessment questions and tools over, and over, and over. But there is a clause within the consent decree that says that the adverse impact is found, that the vendor needs to work with us to see what alternatives there might be to reduce the adverse impact. We didn't, in the last cycle, get to that stage. But it might be the case that in the summer administration, if we got there, that we would have that conversation with the vendor. It really depends on the outcome of the scores. Does that make sense, or . . .?

>> Tovo: I guess so. I'm just wondering whether there are options that are being considered that would result in more successful candidates being able to go through the academy. That would still, of course, uphold the highest, best standards for firefighter candidates for the city.

>> As a part of the bargaining agreement, there's an oversight committee made of labor and management. And we also are sort of the same team that hired this vendor. There were conversations about totally restructuring the hiring process to do year-round hiring, to do different sorts of tests, instruments and all of that. So far those have been conversations. But this sort of pattern that we're in right now with trying to get through -- hurdles with the validation, and transportability of assessments from one location to another, another city to this city, have led us to stick to the current path in order to try to get through those hurdles and hire more off of a list, see if we can't fix what we're already doing.

>> Tovo: I want to talk -- back -- seems like a year ago, but I think it was just a few months ago when you came to our first budget session -- I think it was a budget session.

[11:06:25 AM]

We were talking about building materials and you were presenting some of the information that you did today, but there was a conversation that was really interesting to me about whether the building materials on older homes that are used on the exterior are more resistant to fire than others. And I believe you said that there was some research around that point. And I just wanted to request that if you could share that, I think that would be really interesting.

>> Okay. So I do not have that at the tip of my fingers, and I don't know about the exterior construction. I do know about, like, trusses and the things that form the framework of a structure in regard to older houses versus newer homes. I don't know about the exterior. But we can check and find out for you.

>> Tovo: And then I just misremembered it. So the building materials -- whatever the point was that you were making I think is a really interesting one for us to consider, as we address very different kinds of issues such as the value of some of our older structures within the city. So if you have an opportunity to share that, I would really appreciate being able to see it. Or if you could help me understand how I would research that myself.

>> We will find out for you. We know where to look. We don't know what the answer is, but we can find out.

>> Tovo: If you could share with me where to look, that would be really helpful.

>> Okay.

>> Tovo: I think it's relevant. To me, it's an interesting part of this conversation about how firefighting today might be different from firefighting in the past because of the speed -- you were describing the speed at which fires take hold. It's also -- could be an important consideration for us to think about, you know, what is the value of some of the older housing within our community as opposed to some of the newer construction that a lot of forces are . . . Where there are a lot of forces at work.

[11:08:35 AM]

I think my last question is maybe one that we don't want to address today. But I guess I'm concerned about what some of the options are that you might be considering to fill this budget gap. We've talked about one of them here today, which is a potential reduction of four-person staffing. And it's very clear that that's not the recommendation that's being brought forward. And for all the reasons you've said, I think it makes -- you know, I think we ought to stick to the four-person staffing for safety of firefighters, safety of others in our community. Are there other options that you've been asked to consider that we need to be aware of at this point?

>> I think I mentioned earlier the largest percentage of our budget is dedicated to personnel costs. And then the others are contractual obligations and commodities. We have very little part of our budget that's discretionary. The things that we have been doing is, you know, they're small things. But we've been not approving what we call discretionary overtime. We have cut back on purchases such as -- I think I mentioned to you earlier, a simulator table that would be used in wildland interface training. And that was a \$50,000 purchase. Even though it was budgeted for us to purchase it this year, we're not going to. Those are the things we're doing. They're small, but we're doing as much as we can. But, you know, again, you know, costs continue to increase even on, like, buying uniforms, you know, for outfitting our personnel, so there isn't really much else that we can do to save 3% -- \$3.5 million, or to close that gap.

>> Tovo: Maybe it's a question, I guess, for the city manager.

[11:10:36 AM]

I mean, are we going to be asked to -- where do you anticipate finding the funds to meet this gap? And if there's a possibility that the council will be asked to consider an option that includes closing fire stations, I sure would like to begin having that discussion sooner rather than later so that the community is not caught off guard and has an opportunity to provide feedback. That's my question, I guess.

>> We're going to look at all options, but at this point, we don't have a selected option at this point. I would say that closure of a fire station could be considered, but I couldn't tell you at this point -- we haven't looked at that in-depth, but that could be an alternative as long as it didn't reduce the service delivery and response time. So it would be probably just a very few situations where we could do that. You know, we just opened the shady hollow last year. I know there are a number of -- their call volume is very low, but I don't know that that would be one that we would target. But I do know that we would look at call volume and response times in locations to see if there was anything that we could do along those lines that would not affect service delivery and response times. But more than that I can't say today. But we're going to look at all options and work with the chief, the assistant chief, to see what we can do. The best thing that we can do is start filling those positions and get the cadet classes handled faster.

>> Tovo: Have you compiled a list of call volume?

>> We do have that available, yes.

>> Tovo: So I think, again, I think if that is a proposal that might come forward, I would ask that we start talking about it.

[11:12:46 AM]

Sooner rather than later. Yeah. There will be -- I mean, I believe that one of those with low call volume may fall within my district, and will certainly generate lots of community feedback. So I sure would appreciate having that aired if that's going to be a realistic proposal.

>> Mayor Adler: Ms. Houston.

>> Houston: And I just want to be clear one more time, if there's -- this time, we can continue the process. The process will not stop this time.

>> You are correct.

>> Houston: Okay, thank you.

>> Mayor Adler: Would we be able not only to change the process, we'd be able to accelerate it among the lines that you talked about?

>> Yes, we can continue to hire as long as we have the clearance from the doj for the adequate number of people.

>> Mayor Adler: And you could increase the -- the steps you had talked about before.

>> Yes. I could increase the number of classes. I could not change hiring like a lateral class. That has to be negotiated. A lateral class is one of experienced firefighters that would have a shorter timeframe in cadet academy. But that has to be negotiated. So if we were at impasse, I could not do that. But if we were at impasse, as long as we have the list and we continue to hire according to the contract with or without a collective bargain agreement we will continue to hire.

>> Mayor Adler: Okay. So the memo that, rey, that you're going to be giving us, which is cost drivers associated with the labor contracts --

>> Yes, that's correct.

>> Mayor Adler: Is that across all three, police, fire, and ems?

>> It addresses them broadly, yes.

>> Mayor Adler: Okay.

>> And mayor, if I may as well, this discussion certainly has pointed out some of the significant issues with regards to the vacancies and the budget overage that we're experiencing. And I no that we discussed 3.5 million is the current number.

[11:14:49 AM]

It was talked about in fiscal year '18. I just want to be clear that we'll be bringing forward an amendment to the budget in the current year. It is a calendar year estimate overage we have to address. I think we're targeting next week's council meeting to bring forth an amendment to cover that. That would be added to the fiscal year '18 budget along with the 3 million that was discussed. 3.5, you'll have a budget amendment for this year. In '18, the budget office will continue to extend a total of 6.5 in the fy18 budget. Did I articulate that correctly?

>> Mayor Adler: Okay. And then associated with the conversation on the drivers in the contract and otherwise, the conversation we're having on may 17th, which has the general heading of how much money do we put toward public safety, I hope that we use that conversation to be able to daylight any and all policy issues associated with the contract and the contract cost drivers that are identified in the memo that's coming out so that as a council we can give some feel, direction, or guidance to everybody involved in that process. Okay. Anything else while we're here on this one? Mr. Casar.

>> Casar: Quick question, because I think this is for -- I was watching one of these work sessions. This may sound unrelated. For me it sounds somewhat connected. Do we know, for this year's budget, how much we were projecting to put into the housing trust fund from the publicly owned lands to private, that we're getting private development on, do you recall that number?

>> For fiscal year '17 --

>> Casar: For the, more or less, the upcoming budget.

>> The number we projected, I believe, was a \$1.3 million increase.

[11:16:52 AM]

>> Mayor Adler: And it showed a half a million dollars that was available but not included in the budget in the forecast.

[Off mic]

>> Mayor Adler: In the list --

>> Casar: The reason I was asking was you were asking the question about how is it that we are plugging up the hole in the future. And we're thinking about places where there's this new revenue coming in that ultimately -- some of those are places where it's -- that money seems to be plugging up the hole.

>> Mayor Adler: In the list on this budget forecast of things that were not included was a half a million dollars in the housing trust fund contribution.

>> Casar: So you're saying that there is a \$500,000 part of it that wouldn't be included, but the rest you are thinking about including.

>> It's actually more than \$500,000. If I could explain the dynamic. If the fy17 budget, staff proposed \$2 million, an increase of \$2 million to comply with the two resolutions that were passed. We would have needed to be at 3 million. As part of the budget adoption, council added another half million dollars to the \$2 million of onetime funding, so 2 million on-going and a 500,000 of onetime. The mayor is referencing we showed on the list the \$500,000 that council approved as onetime funding for the housing trust fund would be removed. That brings us back to \$2 million. On another slide we forecast that we would need to increase it to a total of \$3.3 million. So in fy18 we need another \$1.3 million over and above what we currently have as ongoing funds to comply with the two resolutions.

>> Casar: Ultimately, then, just for purposes of keeping track of some of the places where we're trying to funnel new revenue, but then I understand that there's constraints in the budget with what's going on. It wouldn't -- it might not be totally accurate, but also not totally unfair to say \$1.3 million of new revenue that was not existing because it was just publicly owned lands off the tax rolls, about 1.3 million of that you're projecting wouldn't go to the housing trust fund to comply with the resolutions, but would be going to other things, other unanticipated new costs like the over \$6 million in overtime overage.

[11:19:21 AM]

>> Mmhmm.

>> Casar: Before we had a choice, it seems like we have to find different ways to plug that \$6 million gap. And one of the ways to do that is to do 2 million in the housing trust fund even though we had tried to stick ourselves to 3.3. Okay. That's just helpful to note for us so when we get to that point, we keep tabs on it. Thank you.

>> Mayor Adler: Okay. Anything else on this? Thank you very much for your patience. This was pretty in-depth this time. It was very helpful, though. Thank you.

>> Mayor, I just wanted to let my colleagues know I'm going to represent the city on the clean air force board, and I'll be back later.

>> Mayor Adler: Okay.

>> Interim assistant city manager, we have three topics. The first one is enterprise fund overview, and we have the acting director, Kim Mcneely, and Kevin, our golf administrator that are here to present and answer any questions you may have.

>> So before we get started, I don't want to presume that this is the most important policy issue or policy discussion. And if we're only going to be here until 12:00 P.M., I just want to -- oh. I apologize. I guess I had on my calendar 12:00 P.M., but you're here later. I'll be adjusting.

[11:21:21 AM]

Sorry about that.

[Laughing]

>> All right. So the mission of the golf enterprise fund is to provide and promote a great golf experience. And golf is the only enterprise fund within the parks and recreation department. And we provide a diverse set of programming, all generations, all age groups, all cultures. The golf division has 41 full-time employees. We have over 90 temporary staff and we have a volunteer program of approximately 45 to 60 members, just depending on the time of the year. There are five courses within the department that are operated by the city and one course, gray rock, which is operated by a contractor. We have on this particular slide a list of all of the golf courses with some basic details about each of those courses, but it's also important to note that the golf administrative offices also oversee five revenue contracts associated with golf. Two of them are concessions with the players, and those are to provide food and beverage at Lyons and morris-williams. We also have a concessioner contract at the Jimmy and Roy golf courses. Those two are side by side, one clubhouse, two courses. We also have a contract with the butler pitch and putt and the Round Rock driving range. The golf fund has faced significant challenges. We've had three flood events that caused our courses, at least for clay Kaiser to be closed for quite some time. We had a fire at morris-williams in the maintenance barn and it took approximately four years to rebuild and replace the maintenance space within that particular golf course.

[11:23:27 AM]

We've had some droughts which increased our costs for water and caused us some challenges with tree loss. We've also had some renovations at Morris-Williams and also at Clay. And those required lengthy closures, but they were necessary in order for us to preserve the integrity of the course and make sure it was a quality playing surface. And we've also had some significant impacts from nematodes, which are parasites that damage our greens and make it difficult for us to be able to maintain nice-looking spaces, and also playable spaces, not just nice. So this slide helps understand the revenues and the expenditures by golf course. And the one thing that's missing, perhaps, is the total. So I'd like to provide that for you. The total expenditures in 2016, if you added the column of expenditures, is 7 million -- approximately \$7 million. I'm just going to round up. And the revenue for -- or round down. The revenue is 6.4 million, if I were to add all of those together. Most of the sites cover our operating expenses with the exception of Hancock golf course, which has not covered expenses in approximately ten years. Please know that in the first several years that all the courses -- for several years, all the courses have not been open because of all of the things that I told you before -- drought, flood, our opportunity to do some renovations. And so this is one of the first years that all five courses will be open. And we also have the addition of Gray Rock. And please know that in 2017 there was a general fund transfer that was approved. So there will be an extra \$500,000 that is going to be given to the enterprise fund to help with the negative fund balance, which we're going to take a look at in a few minutes.

[11:25:30 AM]

This slide shows our revenues over the past several years and how many rounds are played at each of our golf courses. You'll notice that Lyons remains one of the busiest golf courses. It's not just our busiest course, but one of the busiest in central Texas. It has about 8,646 more rounds than our next course, which is Morris Williams, the next-busiest course. And while we've had all of that construction and the drought and the flood issues, we're starting to see a bounce back in play. So that's good news for us. On this particular page we're trying to show a rate comparison of all of our area golf courses. We've offered tiered fee structures throughout all of our programs. So not all of the courses cost exactly the same amount to play. We listed to the top some courses for comparison. Please know those are not all courses, they're just some courses that we thought were comparable to the ones we're currently operating. Based upon those fees, it's important to note in the private industry, or the nonpublic golf courses, or the courses that are commercially operated, everybody is offering discounts or specials for individuals to entice individuals to come and play at their courses. So while these are the advertised fees, often this is not the amount of money that individuals have to pay to be able to play, because they're taking advantage of a coupon or a special for that season. Our courses also have that flexibility in the way that we've set up our fees, and in a range of fees so that we can respond just like the other courses do to the times of the year when we want to entice more people to come to play. The rates listed on the right are the walk-in fees. We like to charge a la carte. You don't have to just come to a course and get a cart all the time.

[11:27:33 AM]

You can walk if you'd like. And so those make it quite a bit more affordable if you choose to walk 9 or 18 holes. And the competition for rounds continues. The city courses continue to discount fees during slower times of the year. Just in order for us to stay competitive with our competitors. As I had stated earlier, this slide right here helps understand where we're at with our ending fund balance. And so you can see there's been challenges over the last five years which have resulted in about a 1.9 billion -- not billion, wow.

[Laughing] 1.9 million negative balance in our golf enterprise fund. The large impact in 2007 was a result to closure of Jimmy clay, but you can see that beyond 2007 in the years following that we were slowly recovering. It wasn't until the 2013 fiscal year when we were describing some of those things with the weather, the drought, the floods, that we began to slip back into a negative fund balance. So we've tried to think outside the box, if you'll allow us to say outside the tee box in order to generate revenue. We conduct over 350 golf tournaments and outings on our courses. We have a hundred of those events focused on fundraising for various causes and programs. We're looking for lots of ways to utilize the golf properties and diversify revenue. We have large fundraising events at lions, we've had several cross-country events. We've also used our course in some cases for a disk golf tournament. We're trying to utilize that space in different ways to be able to generate revenue so that we can slowly climb out of the negative fund balance. Some of the issues that are facing our golf courses are the significant infrastructure challenges.

[11:29:40 AM]

So Roy Kaiser and gray rock greens are over 20 years old and they're going to need to have some reconstruction in order for us to continue to be competitive. There's been major mutations and considerations -- major mutations and conditions that are deteriorating and it's getting slower for us to recover. When we talk about mutations, I let Kevin say this a little bit more. But we're talking about how things are growing in that space, which then we have to go back and be able to make sure that the turf is appropriate, make sure that the greens look good. But when nature takes its course and does things that are outside of what we expected it to do and it makes it less playable, we have to react. Those nematodes are run of those issues. And we've continued to increase fees to try to overcome some of these challenges. We've had an 18% increase to most fees over the last three years, which talks about the tolerance of how good do our courses look and our fees keep increasing. Do people want to continue to come to these courses and use that space when they have other options that have pretty comparable prices. Our major focus has been to grow the game of golf. So we've hired temporary staff to coordinate a player development program. And we've conducted 60 golf clinics. We have something that's similar to a gym membership where we have 200 range grinder clinics which allow people to come in and take some practice opportunities. We've created pe golf clinics for city employees so that perhaps will encourage more employees to be interested in the game of golf. Our small construction team continues to -- focus on small-scale improvements to keep courses to a level of quality that's desirable.

[11:31:45 AM]

And we also try to focus on lower-cost advertising, pushing Facebook and Twitter. Recently we've done a re-branding of our website and atx golf so that people will begin to recognize us as a viable option for when they want to play golf. And please know that we are -- we have approximately 228 unique zip codes that have come to use our space. And so we're trying to -- we have a wide reach. We have a wide range of people that we're trying to attract to this space. So it's not necessarily because we're not trying hard to increase revenues. It's just been a difficult situation for us. At the end of this particular presentation, as with the other three, I've just set up some questions for discussion. By no means am I saying these are the only questions that need to be asked, but I just thought it would be an opportunity to get the conversation started. And so what we're bringing forward for discussion is that the golf enterprise fund has a significant negative ending fund balance. And so we thought that it would be worth contemplating implementing an alternative business model for Hancock golf course, which has been historically unpopular. But maybe there's a desire to consider that -- an alternative not only in the future. And also maybe we should consider significant changes in the current fee structure. Although

we've been priding ourself on being absolutely affordable, we have a little bit of room to increase fees. And that would also be an option for us to kind of close the gap a little bit with our . . . So with that, I'll leave it to you to ask us the questions or guide the discussion.

>> Mayor Adler: Just real quick, you said revenues have been down but the golf courses have been closed. Now we're just up this year they're anticipated all to be open.

[11:33:49 AM]

What's the projected balance with all the courses open and operating?

>> If we continue on the trend we're on -- Kevin, division manager for golf -- if we continue on the trend through April and May, it is early in May, but we're trending above. We anticipate covering our operating expenditures with the \$500,000 transfer to the tune of about 200,000 to the positive this year with that transfer, including the transfer.

>> Without the transfer we would be 300 to the negative.

>> Correct.

>> Mayor Adler: This year we were 500 down?

>> No, the transfer included in the fiscal year '17 operating budget, the general fund transfer. That's the first time that's happened. With that transfer we'll be 200 positive, but we would be negative if we didn't have it.

>> If the general fund wasn't supplementing, as had been approved in the 2017 fiscal year, if the general fund didn't give us 500,000, we would be in the negative \$300,000.

>> Mayor Adler: Okay. I thought you had -- there was one chart you had given us where you had added up the income and the revenues, and the spread was like \$7 million to \$6.4 million. Something like that.

>> That was in 2016. So I had given you last year's actuals. And for this year we're projecting less of a gap.

>> Mayor Adler: How much less of a gap? Last year they were closed, it was a \$600,000 gap. This year, with all the courses being open, you're predicting that \$600,000 gap becomes what?

>> It becomes a positive no gap, but, the only reason why it's positive is because there was a general fund transfer.

>> Mayor Adler: Forgetting the general fund transfer for a second, I'm just trying to figure out how having all golf courses open is going to impact the net revenues.

[11:35:53 AM]

So we were \$600,000 down last year. This year with all golf courses open, we're expecting to be \$300,000 down. So having all five courses open means we make \$300,000 that we didn't make in '16.

>> That's correct. It could be significantly better, it's just early to tell in the season right now. And fourth quarter of the year, and we've just entered those.

>> Mayor Adler: You're projecting a \$300,000 loss.

>> Without the transfer, yes, sir.

>> Mayor Adler: I understand that.

>> Yes, sir.

>> Kitchen: Mr. Mayor, I have a related question.

>> Mayor Adler: Okay.

>> Kitchen: Just related. Slide seven, what does that do to our ending fund balance? So, following up on his question, because slide seven shows an ending fund balance of a negative 1.9.

>> The ending fund balance would reduce because there's a general fund transfer. We'll be 300 negative when you look at direct operating versus revenues, if you consider the transfer, the ending fund balance would be reduced.

>> Kitchen: Without the transfer it would be increased, 1.9 plus --

>> Close to 2.2.

>> Kitchen: It would be 1.9 plus 8, the general fund is 5.

>> We believe that without the general fund transfer it would be 300,000, so it would be 1.9 plus 300,000, which is 2.2.

>> Kitchen: Okay. Gotcha.

>> Mayor Adler: Okay. Mayor pro tem.

>> Tovo: So, let's see. With regard to the fees, does it work like the other fees that the city -- or within the parks department are now structured that there is an in-city versus out of city rate for the courses?

>> No. We do not have a nonresident fee. And that has not been supported by the golf advisory at this time.

[11:37:54 AM]

It's one of the things we're contemplating. I will tell you only about 30% of our play comes from outside of our immediate zip codes that are touching city of Austin zip codes, areas that are surrounding the city of Austin, 30% comes outside of that. We've been contemplating whether to do a nonresident fee outside of those and have a regional residential fee largely because we're still competing against those area golf courses that would potentially be significantly cheaper, which would result in less players coming to the course paying that increased fee.

>> Tovo: So, wow. I didn't realize that. When we had conversations several years ago about structuring our parks and recreation fees so that our camps -- most of our programs within the parks and recreation are structured very affordably compared to other alternatives and they're supported through our general fund. And so it is of concern to me that we have a parks and recreation program that has not adopted that same fee structure of having an out of city rate versus an incity rate. The rationale is that city residents pay taxes that go to the general fund. I understand it works a little differently within the golf enterprise fund, but not if we're supporting the golf enterprise fund through the general. If we're supporting golf enterprises through the general fund.

>> Up until last year, up until the decision in 2017, fiscal year 2017, there was no general fund transfer. So the golf was not being supported by the general fund. They were completely enterprise fund. When you take a look at being competitive and at the market, the decision that had been made at that time was it didn't appear as though it would make sense to have resident and nonresident fees because of how our competitors were treating residents, because it would change people's desire to perhaps come and play at our particular courses.

[11:40:00 AM]

However, seeing that we are becoming more dependent upon the general fund or at least that looks like it has a trend that is happening, now is the time for us to begin considering that. Hence the idea of the regional. I hear you loud and clear, but at the time, we were not being supported by the general fund. It wasn't until last year, the first time.

>> Tovo: Yes. Though we did craft a different relationship with regard to water rates and some other things that have helped the golf enterprise fund -- I mean, other kinds of financial assistance for our golf courses. And so, you know, I'd have to track back -- I mean, those are being supported, again, by water fees that are being paid by city residents. So, you know, there are relationships to the support that the

golf courses have gotten even beyond the general fund that have a tie to city residents versus non-city residents. I'm going to ask some more questions through the q&a, but some of them would include things like really drilling down on that number of -- as I understand your comment, it's 30% of those using our golf courses live outside the city limits. Is that correct?

>> 30% of the golfers currently are living outside of the touching zip codes. We looked at zip codes that are adjacent to the city of Austin, so they border the city of Austin. If you look outside of the zip codes that touch the city of Austin zip code, then we're talking about 30%. If you're talking about the ones that are touching Austin zip codes, a lot of our golfers come from Round Rock and those zip codes that are very close to the city. We would only have an impact of 30% of our rounds outside of that region.

>> Tovo: So I think typically how we define it is city residents versus non-city residents. It sounds like the number of non-city residents paying fees is higher than 30%.

[11:42:05 AM]

>> Correct.

>> Tovo: I'd like to know what is the percentage of users of our city-owned golf courses who are coming from outside the city of Austin. So now I think I understand the regional fee you're thinking about crafting a slightly higher fee but not for out of city residents, for those who live outside the city a little further away than others. That would not be consistent with the way we structure our other fees at the city of Austin for programs where we have a tiered structure. We don't typically make distinctions between how close you live to the city of Austin. You're either in or out because of the financial implications of that residency.

>> One of the challenges that the golf advisory considered is because such a high population of golfer is playing from within the close proximity areas, that if we're going to have to discount that fee that we already increased through discount providers, do we gain anything or do you lose rounds by going up on those fees and all of a sudden that person that is charged five more dollars, let's say, we're charging five more dollars for that nonresident to Austin to play decides to play another golf course and we don't collect any revenue.

>> Tovo: I understand that and I'm sure people raise that concern, though I'd have to think back about some of our other programs as well when we changed the fees. But I think there's a strong philosophical reason to do so, and financial reason. And, you know, I don't know the patterns of golfers. I'm not a golfer myself. But I . . . And obviously, those who are on the golf enterprise advisory committee -- I don't have their name quite right. Some of them have been there a long time, they're golfers. They understand the game and the patterns really well and they may be in a better position to know, but it's just a question for me how -- you know, if people have developed a loyalty to a particular golf course, whether they're really going to switch if the fee goes up \$5.

[11:44:05 AM]

I would assume golfers get accustomed to the course, enjoy playing it, have people with whom they play who may live in close proximity, and that's why they're meeting up at this course. That's not my field, that's yours. So I welcome your input on how thorough, nuanced, and researched that discussion has been around whether if we increase the fees, whether, you know, what is your projection on attendance rates at those. I don't want to monopolize the seat, so if you'd like me to shift, we can come back. I have three or four more questions. I don't know if there is questions about the fees. Why don't I pause there.

>> Mayor Adler: The fee structure. Jimmy.

>> Flannigan: I want to piggyback on that, mayor pro tem. Because when you just look at zip codes, certainly in my district where we have a lot of the weird annexation you end up touching a lot of zip

codes where there's practically no residents. It further extends the number of people. It wouldn't surprise me if 30% outside zip codes turns into 50% nonresidents. I don't know if that accounts for limited annexations which don't pay taxes but would be considered a city of Austin resident. I'm fine splitting that difference. But if we're talking about who's paying in, it further complicates that. I have a question about slide five. It shows from 2012 to 2016 an increase in rounds played. But the graph above it, the revenues don't track so clearly with that. I mean, I saw in the earlier slide about other sources of revenues, but if there were closed or open golf courses, I mean, this is a confusing comparison, number of rounds played versus revenues.

[11:46:09 AM]

Can you help me understand where that extra variability comes in?

>> A couple of things. Gray rock golf course is added into -- once you reach 2014, those numbers do go up because we're including gray rock rounds. When you look at rounds versus revenue, a lot of that between closure depends on if the golf course wasn't bringing in any revenue, that would be the decline. However, we also discounted rounds heavily during some of those years to compete for rounds coming into the golf courses. And that lowers -- you're running more rounds, but at half the revenue that you were, potentially.

>> Flannigan: I see. I'm generally troubled by this. I feel of all the things that par does, this is the least important to me. And I represent a district that has a lot of private golf courses. And they are also struggling, at least country club is struggling. It's a private enterprise. It's something the neighborhood is trying to figure out. But it seems like -- are we solving a problem that's not our job to solve? I feel very strange that we are in a place to have general fund monies going to golf enterprise. If we're running it as an enterprise fund, that's great. But I think some of these courses get lower fees if you're a member of the club. I think if you're a taxpayer you're a member of the club. And so there's a very clear and simple argument to make there. But I'm very, very troubled by general fund monies going to a golf enterprise.

>> Mayor Adler: Yes, pool. I'm sorry, Ann was next.

>> Kitchen: Just quickly, mayor pro tem and councilmember Flannigan have asked my questions. I'm also very troubled. Absent a good reason that I may not be aware of just because I'm not as familiar with this area, absent a good reason, I would just flat-out say that we should not be subsidizing with general revenue fund.

[11:48:19 AM]

So we need to either --

[audio stopped]

>> Kitchen: I'm happy to listen. But at this point it's not my highest priority. The kinds of things that mayor pro tem have suggested make sense to me in terms of looking at the fees. And so I would just ask the staff to come back and let us know what our options might be in terms of dealing with the fees, and is it possible, and what kind of fees could we put in place that would recognize what the mayor pro tem is suggesting and would get us there in terms of not having to dip into the general fund.

>> Mayor Adler: Pool.

>> Pool: So I stepped away. I had to step away for a couple of minutes and I may have missed this part of the presentation. If I did, I'll look at it on the tape. Could you all explain the circumstances surrounding the city of Austin's purchasing in 2014 the gray rock golf course? I, of course, remember some stories in the press about it, but if you could remind us all.

>> I will go ahead, because I was involved at that time. Obviously, the city, at the time, there was a differing of opinion regarding whether we should have another golf course. But the bigger issue at the

time was the parks and recreation director was approximately 274 acres of pristine land, of which a watershed is involved as a part of that, and some significant caves. There's some parcels there. That if we were not able to operate this as a golf course, it would help to preserve the 274 acres. Particularly we found that those 274 acres were in the hopper for develop, which is not necessarily a bad thing, but it was already an area that had had -- seen a huge development in a very concentrated area.

[11:50:28 AM]

It was in an area of deficit for parkland. So it was sort of getting -- helping to continue the game of golf at a little bit higher level than what our courses currently are, meaning tier one, tier-two-type golf courses. Gray rock is a little bit higher-level course, a little more difficult.

[Clearing throat] And then, of course, the most important thing, obviously, was the preservation of the large amount of land that could be preserved in a deficit area N that part of the city. And that was really the reasoning behind it. And at the time, several councilmembers voted on it not because it was a golf course, but because of preserving the land. And that was -- I know mayor pro tem was there. She can correct me if I'm wrong. But that was the impetus.

>> Pool: That's really helpful information, and it also is helpful depending on what we decide to do. I think it's also key for us to recognize that the placement of these golf courses -- the land that they're on and the location that they're at benefits the park system. They are preserving some areas. I don't know how much development could have happened on that site if, indeed, there are as many caves. And I think it's in a recharge zone.

>> It is in the recharge zone. And there are a few caves.

>> Pool: And so that would have had an impact as well. So I guess where I'm going with this is the issue is, in fact, more than the provision of golfing and whether the city should, as a policy stance, continue to offer it at a lower cost than the private golf courses. It does keep it available to anybody and everybody who wants to play.

[11:52:29 AM]

I do think it is in peril, the enterprise fund and the program for pard. I think we need to just acknowledge that. But I am also interested in digging into it further beyond the fact that it is golf, which does provide a benefit for -- if small portion of our community, there are people who are dedicated to it. I don't want to lose these properties, particularly where they're located. I would rather they stay open space or parkland, green space or a playing area than allow them to be sold and developed. And that's a risk. So I think that we need to talk in terms of not only are these golf courses, but they are recreational areas, when we have this conversation. It may be that preserving them in the current use is, in fact, worth that additional community investment of whatever the numbers tell us that it needs to be. It may be that adding \$5 to a fee for out-of-city players is, indeed, the path we should take to try to recoup some of that. I agree with the mayor pro tem, that's not that much money for an individual player. I would -- potentially. But I do think that the aggregate of that could help us reduce the deficit. And we could look at how the program -- to see what additional efficiencies, if any, can be had without starving the program, because that's the other thing. If we're going to do this, we need to do it right. And I put a high value on preserving the green space. And then the program for what positive attributes it brings to the community. I don't want to starve the program.

>> Mayor Adler: I start out in a different place and address both of those, because I'm comparing and probably going even farther from where Ms. Pool is.

[11:54:38 AM]

You know, this is the only enterprise element of the parks. I don't know what aquatics would be like if they were an enterprise fund.

[Laughing]

>> We'd be in trouble.

>> Mayor Adler: Or the after-school programs, or any of the other things that parks does. In fact, this is an enterprise fund because probably this is the only thing that parks does that actually comes close to paying for itself. And that's why it's an enterprise fund. And we took any of the other aspects, we'd be losing more money, I would suspect. And part of the reason it's losing money now is because of the policy decision that we made, and the folks that work on our golf courses are paid more than their peers working at any other golf course in the city, because we've ensured that that group of people will get paid the city's living wage. If we were to not pay those people the city's living wage, then we would be making a profit right now in our golf operation. But we've made the policy decision not to. And I think there is a good policy -- you know, and in that. You know, at this point, you know, we had -- you know, it was making money for a long time. The last five years it's had problems. It's created that balance. There are odd things that have been happening in those last five years. The golf courses are open now, \$300,000. I mean, it's to the good right now. So it's anticipated that this year, exactly as it is, it's going to make money. Again, the only operation in the parks department that will actually make money. So I'm looking at that and thinking I wish we had 50 more of these enterprise fund that were kicking off \$200,000 a year, because then it might pay for more of the parks budget.

[11:56:51 AM]

There are a lot of people that use this. There are 250,000 rounds that are played, so there's a substantial part. You know, I don't know what those numbers look like, you know, compared to the usage of other parks programs, but I would think this is a substantial use of the kinds of things that parks does relative to their operation. And on top of all those things, it's holding on the pieces of land without creating a parallel burden to the system. And if there is no golf being played 50 years from now, I think we'll be really happy that we found a way to preserve these things in as many different parts of the city as we can.

>> Mayor, you're correct. I might just make one comment here that, you know, the other benefit of golf -- and I say this all the time. And we struggle. As people who are responsible to the city and to the citizens about the financial issues related to golf, golf struggles across the country. But cities choose to do the different things that we've chosen, like gray rock is a contractual operation. The idea of Hancock, we think, is a viable one which is not necessarily taking it out as a golf course, but looking at a different model. And the public said as long as it was not developed -- which we would not support and have not supported -- that a different model might be acceptable, because they want to leave it as a green space. So that could help, additionally. But one thing that is key is that golf provides something to young people and families that many sports don't, and that is you begin at a young age. Most do and others pick it up later in life, but it's the social aspect. In some cases, it's the only social interaction some people have. And some young people who struggle to communicate, golf is one of those sports that helps them be an achiever.

[11:58:59 AM]

It teaches etiquette and how to dress properly, in some cases. And it does all of these things to help a young person, even a family member or someone even older who has not had the opportunity to be out and socialize with groups. So that's why you see it is a sport that people many times think of as but it is

not always an elitist sport, and many of our young people who do not have those large groups of friends and large groups of people to communicate with choose this individual game because they can be successful. And that is something that we often don't share, but it is something I've seen over and over again, and I've had comments from parents across every job I've ever been in that talk about the impact that golf made on that young person's life.

>> Mr. Mayor?

>> Mayor Adler: Go ahead, and then Ms. Houston.

>> Kitchen: Okay, I think that -- I think it's important we're all operating from the same base because when I talk about looking at the fees, I absolutely agree that we need to hold these pieces of land, but I don't think it's an either/or. You know, I note that some of our fees are -- are lower than the comparison, so that's why I'm just -- I'm asking the question. I want to understand what our options are. And because we've set it up as an enterprise fund. Maybe it shouldn't be an enterprise fund. Maybe it's something that we should expect to -- to support, just like we do aquatics and other things like that, but I also think that this conversation brings to my mind one of the reasons that we've gone through the strategic planning process to set up metrics for our budget because we could always talk about how each individual program is important and each individual program needs support, and I agree with that. I'm just -- in struggling with whether we should put additional dollars into this program, I don't have the answer to that because I can't see it in the context.

[12:01:04 PM]

And when I see it in the context as an enterprise fund it's not operating as an enterprise fund. So that's why we need to just understand which way we -- what our options are. And if we were to raise fees, what would that look like and what would be the trade-offs, and then the conversation about whether we put additional dollars into this particular support as opposed to parks as a whole or parks department as a whole, is a discussion that we need to have in the context of our strategic plan and where we put our budget, which I support -- I frankly feel the parks are one of those areas that we don't support sufficiently, whether it's the golf part of the parks or some other aspect, our neighborhood parks, for an example, playground equipment, all of those kinds of things, we have to consider all that together.

>> Mayor Adler: Ms. Houston?

>> Houston: Thank you, mayor, and thank you all for being here today. On slide 4, under the expenditure side is the amount that we're paying for Lyons, is that included in that 1 million?

>> Yes, ma'am, that's 497,000. It is in the Lyons operating budget.

>> Houston: Okay. 497,000. And then we're still working on that lease, I suspect, whether it goes up. Do we know how much it may go up?

>> It goes up 20% every five-years, so if we were to extend the current lease, if the lease were to extend beyond 2019, then it would be a 20% increase.

>> Houston: And give me a dollar amount.

>> I think that's -- so roughly another 200,000, so about 600.

>> Houston: 600,000 a year for the next five years?

>> Yes, ma'am.

>> Houston: Okay. And then the other question that I have is -- I think the mayor already spoke to that, is the impact of the living wage that we passed last year, and that just kind of trickled throughout the whole department.

[12:03:14 PM]

And so sometimes when we make those decisions, although they were the right decisions, I don't think we anticipated the unintended consequences of that.

>> Yes, ma'am, and I can tell you, it was about a \$500,000 increase for 2016, and the real challenge for us, I think, largely, is that we have high school students, retirees, a lot of those that are not necessarily that are the middle of our workforce, I guess in the city of Austin. I have a high school student that went from making \$7.75 to \$13.50 in the last 12 months, and while it's great he's certainly able to make more money, it makes the operating model definitely a challenge, because the competitors to this point is I have competing golf courses that you may work at a golf course for ten or 12 years and you're still making \$10 an hour. Right wrong or indifferent, that's my competition.

>> Houston: Thank you for that. And then I think the last -- under controlling infestations, are we doing anything to look at different ways of planning green space so that the nematodes don't devastate the greens?

>> This has been an issue, really, over the last three years that has -- courses throughout Florida, Alabama, Texas -- it's sort of a new-ish phenomenon, and the problem is they had insecticides that were outlawed because they weren't good for the environment, and so we stopped using those many, many years ago, and especially in Austin, but there haven't been new innovations in products until recently and we finally have got a couple products that are much safer for the environment and things that we can use semiannually. We're starting to see reductions in those -- those areas, but we don't know what the outcome of that is because they're brand-new. I mean, we literally have put our first treatment down about a month ago.

>> And I would add that there's multiple universities and colleges that are part of the golf industry that are constantly trying to help do research, so we don't know -- maybe next year there will be some magic product that comes out that will resolve all of our issues, but until then we're testing what we -- what we know is still safe for the environment but effective.

[12:05:32 PM]

>> Houston: Thank you, and then first tee, I know there's one at the Y on 183, but is there another one in my area or on a golf course, only one over here --

>> We have a first year programming that we partnered with this year, so we're doing first tee programming at several of our recreation centers and through the senior programs. It's a new program that started this year, but there is not another campus. That's the first campus, there's only one that's off Ed Bluestein.

>> Okay. So if you could let me or the rest of the council know where those other partnerships are, that would be helpful. Then we could try to go and encourage youth to participate.

>> Yes, ma'am.

>> Mayor Adler: Mr. Renteria?

>> Renteria: My question is, you know, I've been looking at the chart, and according to this chart you all have been losing money now since '14, 2014, and at that time we didn't have a wage increase, so that's - one of my questions is -- the other question is, hank, how long have they been losing money?

>> Really, over ten years. It's been a challenge to cover that on a nine-hole golf course. We recently improved the golf course with reclaimed water, so the conditions of the golf course have been much better than they were. At one point about three years ago it was losing about \$250,000 a year. We've got that down to what we think will be about 60,000 this year, so it's recovering, but it's -- because of the model there and the layout, it was built in 1899, it's a very old layout, it doesn't really compete against current construction for golf courses, it -- it's unlikely that it will ever cover its operating expenses as is.

>> Renteria: Have you looked into maybe turning that into a neighborhood park and maybe not --

>> We actually went to the community two years ago and brought that subject up, we really need to decide how we're going to continue to operate this facility because we continue to jeopardize the fees of the other golf courses and having to cover and -- cover that loss.

[12:07:40 PM]

It was heavily opposed in the neighborhood, surrounding neighborhoods, to alter from a golf course, partially because it's a historical site as well. It was built in 1899. It's one of the -- it arguably is the oldest operated -- continually operated golf course west of the Mississippi. And so -- however, we've considered alternate plans, could we make it a -- could we make it a three-hole golf course so you continue that historical significance but make it free, and then part of the general fund. We threw a lot of ideas and we keep coming back to do neighborhood and about to come back to the neighborhood after two years and say, hey, we've tried two more years of this. What are you willing to consider at this point. That's where we are.

>> To add to what Kevin said we made a commitment to the community that we would do a series of things to see if that series of implementation -- of those series of things, including the reclaimed water and running certain programs, if that increased usership. So we've now come to the conclusion that we've closed the gap a little bit but we're not to the level of being full cost recovery. So it's now time to go back and have that conversation. But we -- we at least did all the things we said we would do so we can reevaluate it from a different perspective.

>> Renteria: Because I'm very concerned about, you know, especially when we're using general funds and we have just one course that keeps constantly losing money. And are the residents around there willing to increase their taxes so that we can afford to keep paying for these things? Well, I mean, we're paying -- we're subsidizing this golf course, and I mean, that should be a Georgetown question, hey, will you support it? You know? You know, make -- I don't know how you can do it, but it's -- the question should be asked because, you know, I have a contact from Riverside, ACC, where they were wanting us to buy that golf course, and because they can't afford it.

[12:09:45 PM]

They're losing money, and they -- and I told them, hey, we couldn't afford to buy another golf course that's losing money. So I couldn't support that. So -- but, you know, we really need to look at that Hancock. There's bound to be something that the neighborhood there would want instead of a golf course.

>> Mayor Adler: Mayor pro tem?

>> Tovo: Thanks, I appreciate the opportunity to speak to it because it does fall within my district, and it is, as you indicated, one of the very oldest golf courses in the country. It has a national -- as I recall, it has both a state designation and a national designation, and as you've indicated, there were some reasons why people were not using it. We were in the middle of a drought. The course had had many, many years of lack of maintenance, and at some point the city of Austin decided to sell the other portion of the golf course, as I recall, to H.E.B., and so it became a nine-hole golf course and not all golfer want to be on a nine-hole golf course. But it's my understanding, and maybe you can back this up with some information, that as you said, they've begun to close that gap on -- and increase its usership. And so I would suggest that it is -- you know, it is something that we should keep within our portfolio. I did argue before for the fee adjustment for out of city versus in-city, and I encourage us to do that. I do think it's a different kind of model to have an enterprise fund for one of our parks and recreation functions, and I think -- I support continuing it, but I think we need to acknowledge that it's not always going to -- it's not always going to necessarily work out. And we made some decisions last year. And frankly, over the last

few years. I think if some of those years were the golf -- where the golf enterprise fund was losing money, I believe correspond with an increase in water rates, a pretty significant increase in water rates, and so 13469 years that it was -- so some of the years that it was in the red have to do with that.

[12:11:53 PM]

And so, you know, there are -- there are city -- there are citywide decisions we make, when the council decided to move and require all city departments to use clean energy, to use green choice, that increased the cost for every department. When we increased the water rates it hit departments and programs like the golf courses pretty hard, again, because you rely on a lot of temporary and seasonal workers who weren't currently getting living wages when we made that decision to extend it to them, that increased their costs a lot. But, you know, from my perspective, I think that we should -- we should look at increasing the fees, especially for out of city rate -- for out of city residents, but I think for the reasons that director Hensley said, I want to be clear, I support having golf courses within our park system. I think they provide additional recreation opportunities and that's -- that's an amenity to our city residents that I think is important. The other -- since we were talking about greyrock before, there were not just environmental benefits to that tract of land, but there was also an interest in providing a golf course in that part of the city, you know, that was -- that's pretty far south and most of the other courses are north and east. In fact, I don't think we have any other golf courses south, right? That's the only golf course south, as I'm remembering.

>> (Indiscernible).

>> (Indiscernible) Kaiser complex is southeast.

>> Tovo: Oh, right, right, thanks. So anyway, that's -- that's what I wanted to say about that. The -- the golf administration -- can you help us understand how that breaks down? What are those costs and how do those break down among the different courses?

>> So we have three people -- two and a half, really, within the golf administrative office, myself and a tournament coordinator who's part of the salaries, and we have a construction supervisor that does all of our on golf course construction. On the revenue side, the revenues we sell to our golf courses, the revenues come to that because you have a membership in all five golf courses so it's not just applicable to one individual golf course.

[12:14:05 PM]

So that's where our revenues come from. As far as other expenditures go, that's the general part -- part of that is construction and the staffing for that.

>> Tovo: And so, you know, the other thing that strikes me, I think you said that lions golf course is one of the most utilized courses in central Texas, and I didn't necessarily -- I mean, their fees seem to be, you know, really about the same -- I mean, they are the same as Jimmy clay, Morris Williams and that also seems to me an opportunity to maybe scale it a little bit. I mean, if it's the busiest course in central Texas, clearly it's got a good solid following, and maybe that is one of our more desirable golf courses and should be fee'd at a commensurate level.

>> One of the issues I will -- I want to bring this up so that we're -- everyone is aware. One of the huge issues we face in the golf course fund, and I think right now it's more of a modified enterprise since we're getting money from a general fund, is the issue related to one you're going to hear up, and that is infrastructure. So I think our golf courses would probably have even higher level of use if we were able to invest more money into the infrastructure. Lyons is a perfect example. Because of the lease payment and we don't own the land and we've had a limited amount of dollars, new netting needs to be up, the irrigation system replaced, the pond and the pumping system, the -- the clubhouse facilities are

antiquated and outdated, and so therefore many people not to go play at a course that seems to be, you know, not up to speed. And so that impacts us as well. So I want to make sure that -- I want to make sure that you're seeing the whole picture here and that is, one is, the operational challenges, because sometimes people don't want to play on a course, which means our numbers are lower. When you compare that to a course that we were able to renovate as our one at Morris William, which is absolutely fantastic, and the new clubhouse, we immediately saw an increase in use and an increase in interest and excitement.

[12:16:13 PM]

And so I share that because it is a huge issue for us, whether it's a recreation center, a park, a golf course or a cemetery.

>> Tovo: I guess the only other thing I wanted to say, and, you know, I don't know -- I don't know whether it's a serious proposal or not, but I mean, we -- our parks and recreation programs are designed to serve the whole city and different communities, and we don't turn to communities and say, your pool is -- you know, has got some serious maintenance issues and we're going to start assessing payments to the people who live around it. So I mean, to me, that's not the way we kind of make decisions about allocating resources. This is -- I'm not even sure how many people in the neighborhood are -- are those who are served at Hancock, but that is a resource for the whole city. It's been -- it has been a resource for the whole city for, you know, well over a hundred years, and I think it's an important community asset in its current form, and parks and recreation programs typically aren't money making, but they're still an important service that we provide to the city -- to our city residents for health reasons and other reasons. And I particularly appreciate director Hensley, what you said about -- about providing golf. You know, as I think about golf -- as I said I'm not a golfer, and I think sometimes the stereotype about golfing out there in the community is that it is something you can do if you're wealthy enough to belong to a country club, and I love that we have public golf courses within our city programs, because it provides that access to people who couldn't afford the country club membership that would allow them to have access to those courses. And so, you know, to me it is a very -- there are jobs that some of our youth will have where playing golf is, you know, kind of an extension of their workday, and so I think it's -- I see it as an important -- as an important program to have within our portfolio.

>> Renteria: Mayor? And, you know, if it's really that important to us, then, you know, we should state -- you know, that's why I'm not looking at increasing the homestead exemption, because we're going to need -- we need the funding and the resources, you know, and it's coming out of the general fund, and if the council decide that that's the -- the majority of the people want that, then fine, I have no problem with it, you know, and I just won't vote any type of homestead exemption this year because I don't think that we're going to be able to, you know, meet our commitment without all that additional funds that we're going to be -- be required.

[12:18:52 PM]

>> Pool: So I just have two questions, one is a little longer, maybe, than the other. Can you give us a fairly brief history of how golf was designated to be an enterprise fund?

>> Sure. It was a general fund until about 1974. The golf courses, they were trying to build, Jimmy clay golf course at the time. It was modeled under a thought process that it was bringing in more revenue and they wanted to continue to spend more money on infrastructure and expansion. And at that time it made more sense as an enterprise model. I wasn't here then, but I do know that it was converted in 1974-75. And comparatively cities across the state of Texas do it very differently. It is more of a general fund model and subsidized model than Austin has, and for such a long time we performed -- in fact, we

had an ending fund balance over a million dollars positive back until about 1999, and then just progressively spent more money on infrastructure and spent more money on improvements out of that ending fund balance rather than taking certificates of obligation or Kos or using debt to make improvements. We had a very healthy ending fund balance until we started taking money out of that for improvements.

>> So we outstripped the ability to earn -- stripped the money to earn money without putting in the courses and making having a longer term view on how better to steward that money.

>> And the real challenge for golf, both regionally and nationally, is that there was a 40% increase in growth from 1995 to 2004, and we've only had a 4% reduction of golf courses since that time, since 2006, actually. And so we outpaced ourselves because every subdivision that went out, you know, you build 200 or 300 homes, you put a golf course in, and some of those are closing, but that correction hasn't -- hasn't followed the increase that took place over that period of time.

>> Pool: So mayor, the reason why I was asking for a little bit of a history on how this had developed, and I wasn't aware that it goes back to when I was in high school.

[12:20:58 PM]

[Laughter] , Back in the middle '70s, that is literally a very long time ago and predates a lot of people who now live in Austin, but it occurs to me that calling our golf program an enterprise fund may be kind of an old way of looking at things, and if, in fact, it is reliant on the funds -- for additional funds from general revenue, we may just need not to call it an enterprise fund. And I don't know what calling it that really does except for ensure that whatever is earned by your fees and other things is immediately plowed back in, but you are needing, and I think legit matily so, we went into a recession and so on, I know a lot of things, especially sports-type things of that nature took a big hit and we just haven't come back from that. But --

>> In that light, tennis used to be an enterprise fund.

>> It is.

>> Mayor Adler: Do we make money on our tennis operations?

>> We do not, and in comparison the thing that's closest, I think, would be our adult athletics, and they - they only recover about 33% of their costs.

(Indiscernib

(indiscernib LE) An actual enterprise fund, but at some point we rolled that back into the general fund.

>> Pool: So I think we should look at that and maybe change the way we talk about it, and that would move some expectations that seem to be baked in. The other question I had is we're paying our caddies 13 1/2 an hour. Do they earn tips?

>> Be clear on that one. They're not caddies. It's just temporary stuff, they pull up golf carts or clean golf carts or picking the range -- the driving range and things of that nature, work the pro shops, the cashiers, those are -- all those are temporary staff, most of those employees, and so we don't have caddies.

>> Pool: Okay.

>> And no, ma'am, they can't accept tips.

>> Pool: Because where I was going to go with that is if there is a tip culture there, we might be able to lower by a dollar or two and try to offset some of the additional cost too, but that doesn't sound like it's relevant.

[12:23:10 PM]

Okay. Good to know. I didn't actually know that you didn't have caddies. When did caddies go away? I don't golf, so --

>> Caddies --

>> Pool: I have a big gap in my experience.

>> Yeah, caddies are absolutely still in place, just not at our city courses.

>> Pool: All right. That makes sense. That makes sense. Okay. Thank you. That's all I have. Mr. Flannigan?

>> Flannigan: Could you describe the growth in golf in those years, kind of a Tiger Woods effect?

>> If there was one single thing I could beg for is for Tiger Woods to get healthy. There's no question, he is a barometer mover, even when we're talking about tiger Woods playing golf, it increases interest. So yes, if I could go perform back surgery again on him I would because it's time.

>> Flannigan: One can imagine there was a similar era from tennis that predated that where it was the hottest sport of the year.

>> Jimmy Connor.

>> Flannigan: Of the era. So I think these are the market forces that make some of these programs very troubling. There's no -- there's no sport that is going down a slide in a playground that's going to make those more or less fun or valuable to the community. They are valuable to the community, and so I think there is some differences here, and there's also some differences in the parks programs where we charge fees, nobody -- and correct me if I'm wrong, there are no fees anywhere near this level on any of the other park programs that we provide?

>> Well, in the after-school programs, for a summer camp program for an entire summer, yes, we're charging --

>> Flannigan: But from a permanent infrastructure perspective, we don't charge fees for any other parks program at this level?

>> I would -- to play softball. Softball -- leagues, but that's, you know, 12 individuals on a team.

>> Flannigan: Some similarity.

>> Some similarity, maybe tennis, but not even to this level.

>> Flannigan: And is there -- similar to tennis, a fairly dramatic deficit in the cost to maintain those athletic fields to the fees that we charge for leagues to use them?

[12:25:11 PM]

>> Could you repeat that?

>> Flannigan: I'm sorry. The fees that we charge to use those adult athletic fields don't come close to the cost of maintaining and operating those fields?

>> No. They recover 33%.

>> Flannigan: That's what I figured. And this is more of a request. I would -- to mayor pro tem's point about Hancock serving the whole city, I would love to see the actual data behind that. I'd like to see demographics data on who's using these golf courses and by golf course, and if the best you can do is by zip code then that's fine. I just would like to see -- see where the usage is actually coming from. Thanks.

>> Mayor Adler: Mayor pro tem?

>> Tovo: Yeah, I think I described it as a city asset, a community asset. But I would -- I would absolutely anticipate for the reasons we bought greyrock, you know, that that is primarily providing service in the southern part of our town. You know, I think having these located throughout the city is important. I think it -- I think those were designed to serve people nearby, but they are city assets.

>> Flannigan: Yeah, I don't want to be mistaken. I'm thinking about it from the out of city fees. I think summer some courses that serve a greater percentage, and so sun city -- it me it might make more sense Hancock loses money because a greater percentage of user are in the city.

>> Tovo: Yes, more players are local -- and this is my speculation, that muni is serving more out of city people and may greyrock as well. I don't know, because those are some of our new -- or maybe Morris

Williams, because it too is kind of one of the newer renovated -- I mean, it's one of the fancier courses. Oh, city staff. Do city employees receive discounts at golf courses?

>> Division employees of the golf fund do. They play, but we offer city discounts to city employees during certain months as program -- like the month of may is half off, so all city employees pay for 50% during that window, just because it's one of our busier months and it coincides with our city olympics and things of that nature.

[12:27:18 PM]

>> Tovo: So it's one -- did I hear you correctly that you discount it for city employees during your busiest months?

>> Just the month of may.

>> Tovo: Or is it one of the busiest months because you discount it for employees?

>> It's only the second year we've done it, where we've done a discount. We have city olympics in may and there are restrictions. You can't play on Saturday mornings and things of that nature, but we're trying to promote golf and trying to get more people to play and there's no question we're trying to attract city golfers that are city employees to participate.

>> Tovo: That's great. I don't think I've ever -- ever heard about --

>> City space. We keep sending out emails.

>> Tovo: Great.

>> Yes, ma'am.

>> Tovo: Flyers, that's sort of how the word spreads around here. Flyers in the break room. All right. Thanks.

>> Mayor Adler: And Jimmy, I'm not sure the point -- maybe you can tell me the point that you were making with respect to how much of the fees are covering the activity. So in this case we have fees that are covering 90% of the cost, so we have something that's used by people all over the community, and not only is there interest in it but they're willing to pay 90% of the cost. There's a significant indicator to me of a really popular parks program, that it's popular enough that the people using it will pay 90% of what it costs to do.

>> Well, it's engage that I'd like to know, and it may reach an outcome that supports some of the things that we've heard. It may reach an outcome that supports some of the other things that we've heard, but I think what's -- what's interesting is more of a trend line conversation, and is golf heading the way of pools and tennis -- well, I guess pools is another enterprise, but tennis where we need to be planning for it dialing back from being a detailed enterprise fund and it just being a revenue generating portion of park, as opposed to an enterprise fund. And then the other piece of it is how is that look different for courses that serve percentages of city residents?

[12:29:20 PM]

>> Mayor Adler: All right. 12:30, we want to break for lunch and then come back for the balance of the participating. How quickly -- how quickly do you all want to come back? Do you want to come back at early as 1:00? 1:15? What's y'all's pleasure? 1:00? Can we do that? Pick up some time this afternoon? All right. So we'll come back --

>> Kitchen: Mr. Mayor, can I also just remind people that we have a 3:00 stop for the mobility committee in this room. So --

>> Mayor Adler: We'll stop at 3:00 regardless. So let's come back here at 1:00. Thank you all very much.

[Lunch recess]

[1:12:50 PM]

>> Mayor Adler: ALL RIGHT.
WE'RE BACK FROM RECESS.
IT IS 12 MINUTES AFTER 1:00.
AND WE'LL PICK BACK UP.
ARE YOU GUYS READY?

>> WE'RE READY.

SO MAYOR, WE'RE NOW GOING TO SWITCH GEARS AND GO INTO THE CEMETERY HISTORIC CEMETERIES, A BRIEF PRESENTATION, AND THEN WE'LL HAVE AN OPPORTUNITY FOR QUESTIONS. AND KIM WILL KICK IT OFF.>> THANK YOU.

SO ONE THING THAT I FORGOT TO MENTION LAST TIME THAT I PRESENTED IS THAT WE DID SEND OUT IN ADVANCE A MEMO TO MAYOR AND COUNCIL TO HELP PROVIDE ADDITIONAL INFORMATION THAT WOULD FILL IN THE GAPS SO THAT THIS COULD BE AS EFFICIENT AND AS QUICK AS POSSIBLE, BUT PLEASE DO NOT HESITATE TO ASK US ANY QUESTIONS ABOUT THAT MEMO IF YOU HAVE SOME OF THEM.

SO HERE'S A LITTLE BIT OF HISTORY ABOUT OUR CEMETERIES.

PLEASE KNOW THAT THE PARKS AND RECREATION DEPARTMENT MANAGES FIVE HISTORIC CEMETERIES. AND WE HOST MORE THAN 75,000 BURIALS.

SO AUSTIN MEMORIAL CEMETERY WAS ESTABLISHED IN 1927,
EVERGREEN IN 1926,
OAKWOOD IN 1839,

OAKWOOD ANNEX IN 1915,

AND THE PLUMMERS CEMETERY IN 1941, SO THEY TRULY ARE HISTORIC.

WITH REGARDS TO THE BACKGROUND, PLEASE KNOW THAT THE CITY OF AUSTIN HAS ALWAYS BEEN RESPONSIBLE FOR THE MANAGEMENT OF CEMETERIES.

IT JUST WAS IN DIFFERENT DEPARTMENTS.

SO IT WAS FORMERLY IN THE PUBLIC WORKS DEPARTMENT AND IN 1987 THE PARKS AND RECREATION DEPARTMENT BECAME RESPONSIBLE FOR THE MANAGEMENT OF THE CEMETERIES.

EFFECTIVE APRIL OF 2013, THE PARKS AND RECREATION DEPARTMENT TOOK ON RESPONSIBILITY, DIRECT RESPONSIBILITY FOR CEMETERIES.

PRIOR TO THAT IT HAD BEEN A CONTRACTUAL RELATIONSHIP.

AND SO WE ARE RESPONSIBLE, DIRECTLY RESPONSIBLE FOR THE SALES AND ADMINISTRATION SALES, ADMINISTRATION AND MANAGEMENT, CEMETERY OPERATIONS AND MAINTENANCE.

AND WE MANAGE A CONTRACT FOR THE INTERNMENTS AND BURIAL SERVICES.

THAT CONTRACT, JUST AS A GENTLE REMINDER, THAT CONTRACT WAS APPROVED BY CITY COUNCIL FOR FIVE YEARS FOR APPROXIMATELY 3.8 MILLION WITH THE VENDOR THAT ONLY DOES THE INTERNMENTS AND THE BURIALS WITH THE INTERNMENTS AND THE BURIALS.

WITH REGARDS TO OUR CEMETERIES PLEASE KNOW THAT WE HAVE CAPACITY TO CONTINUE SALES OF SPACES FOR APPROXIMATELY ANOTHER 50 TO 70 YEARS, DEPENDING UPON HOW MANY INDIVIDUALS PASS IN ANY GIVEN YEAR.

BUT THOSE ARE ONLY AT AUSTIN MEMORIAL AND EVERGREEN.

HOWEVER, WE CONTINUE TO DO INTERNMENTS AT ALL OF OUR SITES BECAUSE WE HAVE PLOTS THAT HAVE BEEN PREVIOUSLY SOLD THAT INDIVIDUALS HAVE RESERVED, SO WE DO INTERNMENTS AT ALL SITES, BUT WE ONLY HAVE SPACE AT AUSTIN MEMORIAL AND EVERGREEN, AND WE'RE ESTIMATING WE'LL HAVE SPACE FOR THE NEXT 50 TO 70 YEARS.

[1:15:45 PM]

WE HAVE SOME CHALLENGES.

OUR CHALLENGES INCLUDE LIMITED PERSONNEL RESOURCES, AGING INFRASTRUCTURE AND AGING VISITOR AMENITIES AND ACCESSIBILITY CHALLENGES.

SO THE STATE OF OUR CEMETERIES REACHED A CRISIS POINT IN 2012, AND THAT UP TO THAT POINT THAT'S WHEN WE HAD THE CONTRACTOR THAT WAS TAKING CARE OF OUR CEMETERIES AND IT WAS DECIDED THAT IT WAS MOST APPROPRIATE FOR US TO HAVE DIRECT MANAGEMENT OF THE CEMETERIES TO ENSURE THAT WE'RE PROVIDING THE SERVICE AT THE LEVEL OF QUALITY THAT THE CITIZENS AND THE COMMUNITY MEMBERS EXPECTED.

ANOTHER ONE OF OUR CHALLENGES, WHICH IS PARTICULARLY SENSITIVE, IS FACT THAT SOME OF OUR MONUMENTS THAT ARE BELOVED BY INDIVIDUALS AT ONE TIME AND OUR HEAD STONES ARE NOW TOPPLING OVER, BUT YET THERE MAY NOT BE FAMILY MEMBERS THAT ARE CONTINUING TO VISIT THAT SITE OR THERE MAY NOT BE FAMILY MEMBERS THAT ARE CAPABLE OF TAKING CARE OF THAT SITE, AND SO ONE OF OUR PARTICULAR CHALLENGES IS HOW DO WE CORRECT THAT BECAUSE USUALLY IT'S THE INDIVIDUAL THAT OWNS THAT SPACE, BUT WE WANT TO BE AS RESPECTFUL AS POSSIBLE TO THE INDIVIDUAL WHO IS BURIED THERE, BUT WITHOUT FAMILIES WHO WE CAN IDENTIFY, THAT REMAINS ONE OF OUR OPERATIONAL CHALLENGES.

WE DID COMPLETE A CEMETERY MASTER PLAN.

IT WAS ADOPTED BY CITY COUNCIL IN 2015, AND I'M SURE MOST OF YOU REMEMBER THAT.

IT PROVIDES A PATH FOR US TO HAVE AN INNOVATIVE APPROACH TO RESTORING OUR HISTORICAL SITES AND FOR PROGRAMMING THESE HISTORICAL SITES, AND IT HAS A FRAMEWORK FOR OUR REHABILITATION.

IT'S JUST IMPORTANT TO KNOW THAT IN 2016 WE WERE AWARDED THE DEPARTMENT WAS AWARDED THE PRESERVATION TEXAS HONOR AWARD.

IN 2016 WE WERE ALSO AWARDED THE PRESERVATION AUSTIN MERIT AWARD.

AND MOST RECENTLY IN 2017 THE GOLD URBAN DESIGN AWARD BECAUSE OF THE WORK THAT WAS DONE ON THE MASTER PLAN.

AND IT WAS QUITE INCLUSIVE AND VERY EXTENSIVE.

[1:17:50 PM]

THERE WAS A LOT OF COMMUNITY ENGAGEMENT AND A LOT OF STRONG OPINIONS AND WE DID OUR BEST TO INCORPORATE ALL OF THOSE THINGS INTO THIS MASTER PLAN.

IN 2012 WE RECEIVED TWO MILLION DOLLARS IN CAPITAL FUNDING TO BEGIN THE PROCESS OF REVITALIZATION OF OUR HOMEWORK CEMETERIES.

AND MOST RECENTLY WITH THE DISCUSSIONS ABOUT THE HOTEL OCCUPANCY TAX WE'VE ALSO RECEIVED SOME MONEY ASSOCIATED WITH THE HOT TAX TO BE ABLE TO DO SOME RESTORATION OF THE OAKWOOD CHAPEL.

IT'S ON TOMORROW'S AGENDA, I WAS JUST REMINDED.

THESE ARE THE CAPITAL IMPROVEMENTS THAT WE WERE ABLE TO ACCOMPLISH WITH THE 2012 BOND FUNDS.

WE RESTORED THE CARETAKER HOUSE AT AUSTIN MEMORIAL.

WE RESTORED OR ARE IN THE PROCESS OF RESTORING THE OAKWOOD CEMETERY WE DID RESTORE THE OAKWOOD CEMETERY ANNEX RESTROOM.

WE'RE IN THE PROCESS OF RESTORING THE OAKWOOD CHAPEL.

AND WE'VE ALSO UPDATED SOME FENCING IN THE EVERGREEN CEMETERY.

SO PART OF IT IN ITS 5th YEAR MANAGEMENT FOR THE CEMETERIES, WHICH INCLUDED START UP COSTS AND EQUIPMENT FOR FUNDING AND START UP FUNDING

[1:19:55 PM]

>> this is a breakdown of our 2016 operational budget. We have 19 ftes and three temporaries that help us run the cemeteries. It costs approximately \$775,000 for the interim services, and that's our contractual services. And it costs about \$30,000, which is another contract that we have to remove the spoils and 133,000 for utilities, which I would assume they're mostly water. Mostly water.

>> Cemetery manager. Spools are the rocks and all of the soil we remove from the burials that we cannot place back in.

>> Okay. With regards tow our revenue -- to our revenue, in 2016 we collected approximately \$1.66 million dollars, and it's broken down with how we were able to recover that revenue through cemetery sales, through interim services, tent setups, so there's different -- when you choose to have somebody buried in a particular space there's certain costs associated with that so these were broken down. We've also identified some ways for the cemeteries to come closer to recovering costs associated with the running of the cemeteries and one of those options is for us to no longer have the interim contract or the contract of \$775,000 but instead to add personnel and make this a direct service. So we would then do the interims and burial services but it would require five additional ftes at approximately \$326,000 and it would require us to have some equipment to be able to make those things happen, which we estimate would be proximate savings of 405,000.

[1:21:50 PM]

It's a consideration of how we could save some money for -- out of the general fund, but it would require the approval of ftes which right now we don't have the position numbers for. Another way that we can start to close the gap of expenses and revenues is considering increasing the service fees and the space fees. That's philosophical. It's to the point of affordability. We do have some options to be able to do that and believe that there may be some tolerance to be able to increase those fees. We could also increase facility rentals and memorials and community events opportunities to be able to -- and when I say community events, I don't want anyone to think that we're throwing a party on somebody's -- on somebody's space. You know, these would be things that would be historical in nature and appropriate for that sort of a setting. And then we can construct additional -- additional amenities that might be -- may be desirable to our community to be able to increase cremations and other types of burials. So for your consideration just like in the last presentation by no means are these the only questions to consider but we wanted to get a conversation started. How desirable is it for a fee increase nor sem sar services and would also support eliminating contractual services knowing it would require additional personnel and equipment but allow a savings to be reallocated long-term to something else within our department, maybe other maintenance and improvements within the cemetery so we could increase the quality of that space. With that being said, we're ready for your questions.

>> Mayor Adler: I'll start off. The first one is because I don't understand the business model associated with this. Are we paying annual expenses with one-time income with the sales of lots?

[1:24:00 PM]

Or sites?

>> Everything that we -- cemetery manager, yes, everything goes straight into the general fund.

>> Mayor Adler: No. I wasn't clear. I'm trying to figure out what the business model looks like. On this chart it looks as if part of our annual operating expenses we're paying with the sale of the lots in the

cemetery. And do we -- at some point do you run out of lots to sell but you still have the same operating expenses? Because we're paying for ongoing expenses with one-time income.

>> After 50 to 75 years, yes, but at this point we are -- our operating expenses are selling of our spaces, but we continue to have income coming in based on internments, which is opening and closing of the graves. So we still do internments at all five of our cemeteries but as far as just lot sales, it's just at the two cemeteries, Austin memorial park and evergreen cemetery.

>> Mayor Adler: We have in essence an \$800,000 non-sustainable income stream long-term but because it's 50 years out, we'll all be long gone before -- I mean, that's how the model works for cemeteries?

>> Yes.

>> Unless we consider something called a perpetual
[indiscernible] We're still working from that.

[Laughter]

>> Mayor Adler: I mean long gone from this control position.

[Laughter] It will be somebody else's job to find out what do you with that \$805,000 deal. Then the next question that I had was, is there -- what would be the reason not to do the conversion to bring that in-house and save \$400,000 a year? Is there any reason you wouldn't do that.

[1:26:01 PM]

>> At this reason if we're granted the ftes and the other things for the start-up, there's no reason we wouldn't be able to do it in-house.

>> Is there any reason why -- city manager perspective, you wouldn't do that?

>> No. I think I was thrilled when they came up because I said look for options to save money as well as I'll tell you we're in bad shape. I think obviously it's a very sensitive issue when you're drugging areas and I will -- digging areas and I will say particularly again in a cemetery where you may not know other things that are there, so the onus falls back on the city sometimes by digging the graves, being responsible, it's a heavier weight on us. From a financial and fiscal area, there's really absolutely no reason and it will save the city some money.

>> Mayor Adler: Okay. Good catch, did creativity. Thank you.

>> I would say in our previous budget presentation we talked about we thought maybe there was ways for us to resolve some of our own issues and this is one of them. So thank you to Tanja for finding this.

>> Mayor Adler: Okay. Ms. Pool.

>> Pool: Thanks for this, and I do remember approving the cemetery master plan and I remember really appreciating and being impressed as a new councilmember over both the comprehensive nature of that work that was accomplished by staff and then also the awards that were garnered because of the excellent work we've done and I think the city of Austin is in fact a model for both having and retaining and taking good care of these properties. So I'm glad that we are looking at a way to manage that. I think it is wise for us to bring those particular job duties in-house as best we can, and I do remember, too, having contracted out a lot of these positions just didn't work. And it's on us to do this and to do it properly and respectfully and in our Austin way.

[1:28:01 PM]

So thanks for finding a way to cut the deficit in half. And then I just wanted to ask a bit about the --

>> Austin memorial park, yes.

>> Pool: Which is where my parents are buried and I suppose that's where I may end up at some point too but a columbarian is a good idea, to I don't know if everybody knows what that is.

>> A columbarium is pretty much a structure that has niches in it that will hold remains. At this point now we pretty much sell niches for cremains and this eliminates some of the space sales and pretty much free up the space for burials so almost like a mausoleum but for cremains.

>> Mayor Adler: Got you. Ms. Houston.

>> Houston: Thank you. First of all I want to say to you all that your community engagement on the cemetery master plan has been a model for the city of Austin, all departments. I participated in that long before I sat on this council, and y'all really did a great job of going out into various kinds of communities and including those special interest groups to make sure that all people were heard and that you really were sensitive to make sure that the concerns of other people were taken into account when the cemetery master plan was developed. If everybody in this city could do that kind of engagement and outreach, the citizens would trust us a lot more than they sometimes do now. One of the things about burials is that once you're buried then that's the end of it. There's no way to collect maintenance fees, and but there are some cities that do require the family to pay an annual maintenance fee. Over in Europe there's some place that's require that.

[1:30:03 PM]

I know that's a sensitive subject and a lot of these -- four of these cemeteries are in district 1, some of the oldest and many people don't have relatives but that may be something you can think about as you move forward, is the maintenance fee. If you could find out if there are other places in the city -- I mean, in Texas, cities that do have a maintenance fee that -- shouldn't be much, but I know that I see -- I go through oakwood every day on my way to work and see people out there early in the morning, late in the evening cutting grass, trimming, doing all the things that have to be done. Y'all need to know that before the city took the contract back over, the complaints in the community were horrendous about the lack of care and respect that our diseased elders were given, and so I don't get those calls anymore. So you guys are doing a good job. The other thing that I want to complement you on is that you do give people a second chance because one of my church members works for the cemeteries and doing a great job, so I hope I'm -- I see him constantly and we wave and keep going, but just kind of think as not to say historically you need to start paying some maintenance fees but think about whether or not that's a possibility from some other places that -- starting at some point in the future we would say, you know, another \$50 a month would sure help us keep you have your relative's grave. I'd be willing to pay that. Both of my parents are buried. I'm gonna be cremated so that's not going to be an issue for but but I would pay money for their upkeep.

>> Assistant director for the parks department. I just want to clarify with every sale we do have a \$125 maintenance fee, but this is a one-time fee and this is for -- forever, for maintaining that space.

[1:32:11 PM]

So this is one of the items that we have identified as a potential to increase our revenue or create a model that would be more sustainable for operations.

>> Mayor Adler: Just for the record, I'll note that while I don't think we need to have a quorum present for us to convene and hold one of these meetings, there is now a quorum in the room. Mayor pro tem.

>> Tovo: Thank you. Thanks for all the work I think we've seen really vast improvements with regard to cemetery management, as councilmember Houston said. We received lots of concerns in the past, and those have really disappeared, so thank you for the great work that you're doing. And the great work that you've done through some of the really challenging last few months over the discovery at oakwood and the sensitivity with which that's being handled, especially, and I would echo the praise for the community engagement. So the mayor talked a little bit about kind of a sustainability of the funding and

that does seem like something that I hope will begin to develop a long-term strategy for and, Ms. Mcnealy, I heard you use the word perpetual fund. Is that being conceptualized, the creation of a perpetual fund? I assume it works like an endowment.

>> I'll provide you the specifics.

>> Tovo: Thanks.

>> We're exploring those options and the legalities of those options and appropriateness of those options, but Tanja can provide the details.

>> On perpetual care fund it was something set up I guess under public works and at this point we are looking -- it might not be a perpetual care fund. We do need to know all the legalities of the perpetual care fund but we are looking at setting up a fund that will allow us to be able to put the money right back into cemeteries for maintenance and upkeep.

[1:34:12 PM]

>> Tovo: over the long run, after you no longer have the opportunity to sell plots of land?

>> Exactly. Our suggestion would be to charge a percentage for every space we sell and use that for the upkeep of the cemetery.

>> Tovo: That seems like a really important priority. I hope that moves forward in the near term. Did I understand that you said it has been set up in public works or something like that?

>> There is a perpetual care fund that is set up and still is a principal account for the perpetual care fund and we are still looking into all the legalities to see what we need to do to either be able to contribute to that perpetual care fund or do we need to set up a totally different fund.

>> Tovo: Is there money in it?

>> In the principal account, yes.

>> Tovo: That's great. Well, I hope, you know, again, I hope we can hear back from you on that relatively soon. That seems like a relatively -- well, anyway, it seems like a good opportunity since it's already been set up and it already has funding to start assessing those percentages while we have plots of -- while we have -- I'm struggling for the term.

>> Spaces to sell?

>> Tovo: Grave plots to sell. So I hope that we'll see that back. The idea about having a columbarian, have you considered how that's worked for other cemeteries and whether it presents -- I don't know how it compares in terms of cost. My guess would be it's less costly to do there than on a plot. Would you see people shifting to that alternative? Rather than buying an actual plot for the cremains.

>> Right now we're seeing a high increase in cremations anyway and I think that would allow the community a less expensive way for burial and also it will allow us less upkeep because it's not as much maintenance.

[1:36:20 PM]

>> Tovo: What are those families currently doing? Are they buying a plot and putting a grave stone down? So that would shift them from one -- from one spot to another at a less -- as you said, at a less costly option?

>> If you think about a wall with niches in it, that's what a columbarian are,.

>> Tovo: I know what they are, but that would shift some of our current sales over to a less costly option.

>> We currently have cremation spaces we sell as well for 500 and some dollars per space, so we're really not making much on an actual cremation space. Where we make our money is when a family will purchase a full space. We allow up to four cremains in one full space or we allow a full burial and

1 remain to be buried. So I don't think that would change if that's what your priority is to have a full burial or a -- I don't think that would shift that.

>> Tovo: I see, disciplinarians mayor pro tem, the another analogy that could be used it's similar to what we face in the city in housing, density with building a columnbarian you're able to provide more space in a smaller area and go up a little bit versus go out, but it is, sort of the same analogy.

>> Tovo: Thank you for that additional information. Is there any -- how are those grave stones that are for individuals for whom no family exists, how are they currently being maintained? What is happening with those now?

>> Currently, all we are doing is making sure that they're not a safety hazard, but as far as even correcting them, setting them back up, we don't have any program in place right now that allows us to do that because it currently states that the family is responsible for their head stones.

[1:38:26 PM]

And we have been able to -- some of the newer burials that we have identified, we have been able to identified families and they have corrected but it's the older ones, four to five generations out, that we cannot identify family members.

>> Tovo: Are there any opportunities to set up a fund that would help the community at large contribute toward those grave stones that might be a hundred years old and for whom there's no family left in the area to support that?

>> That is something we would like to do. That's also -- and that's why we're looking at another option for a fund versus perpetual care because a perpetual care fund says you cannot correct head stones with that fund.

>> Tovo: I see.

>> So if it's another fund, we possibly could use that fund to also correct the head stone.

>> Tovo: I see. And that would be an option. I'm wondering, it might be worth seeing if there are community members who want want to prohibit toward that. It's a terrible thing for the individual who is buried there to have their stone become, you know, deteriorated to the point we can no longer recognize who it is buried there or some of the other things that happen when a stone goes unmaintained, and so it just -- it's a possibility that there would be people in the community who would donate toward such a need. And I just wanted to underscore -- I wanted to ask a question about how much funding from the hotel/motel tax will go toward the oakwood chapel?

>> It is about \$310,000 that we have -- we would be allocating to the oakwood chapel.

>> Tovo: That was just under a million dollars.

>> Yes.

>> Tovo: So I just want to underscore that because as we move into the budget, I anticipate we'll be having this conversation again and I can't say how pleased I am with this council after year after year of talking about the hotel/motel tax funding and what else it might be eligible for and getting responses back that suggested we would have trouble using that funding in other ways.

[1:40:36 PM]

I think it's fabulous that we have been able to fund almost a million dollars worth of immediate needs within our parks and recreation systems and including the cemetery out of the hotel -- out of the tourism promotion fund so thank you for the work. I know you had to do it quickly to kind of identify those needs but I think it is absolutely critical that we look and make sure we're spending our hotel/motel tax needs on things that would otherwise be funded out of our general fund fund.

>> Mayor Adler: I missed the number, \$350,000 of the hot tax that went for the chapel and a million dollar number but I didn't hear what that million dollar number was.

>> The total was a million and allocated to four different projects, the oakwood chapel, Elizabeth name museum

[indiscernible] And o'henry. Those were the four projects that --

>> Mayor Adler: Which was the oakwood chapel, the --

>> Elizabeth name my see yum, o'henry.

>> Mayor Adler: What was the other one?

>> Pool: [Indiscernible]

[Overlapping speakers]

>> And Mayfield.

>> Mayor Adler: Mayfield, thank you.

>> Tovo: As I recall from that memo there were other needs identified down the road. It looked to me like there were millions and millions of dollars worth of needs that could be funded through the hotel/motel tax dollars.

>> It's worth noting we can give credit to Kimberly Mcknight for identifying the historic needs or the needs for historic restoration that was able to help us with the hot tax so I just want to give credit where credit is do.

>> Mayor Adler: Thank you. Ms. Pool and then -- then councilmember alter.

>> Pool: The fund that you're talking about, whether it's in the public works department or elsewhere, is that something that -- just a person on the street could make a donation to?

[1:42:41 PM]

>> At this point -- you're the fund that is currently in place?

>> Pool: Both.

>> The fund that is currently in place, it's in a permanent slash restrictive fund so at this point it's not much that we can do with that. But going forward we're hoping when we set up this fund, yes, we will be able to allow donations to go to it as well.

>> Pool: Okay. And then -- and this is kind of thinking forward about that fund. Would it be set up like an endowment so that you would build the principal and only spend the interest after a certain level has been achieved? So it would be in fact self-[indiscernible]

>> That's what a perpetual care fund does as well, and we're hoping to use that same model.

>> Pool: I would like to see an increase in the fees that y'all are talking about and maybe also show it growing over a period of time so that it maybe tracks the cost of living or something, that there's a natural escalator in there, maybe percentage increases rather than straight dollar numbers so we don't find ourselves being behind the curve again on costs. And then the last thing I was trying to remember the bonds from 2012, were there some funds put aside for the cemeteries in the last bond package?

>> Yes. We had 2 million.

>> Pool: 2 million, right. I remember the name using since you brought that up. There was a larger need than approved for the bonds for the name using so I, too, am really glad we were able to use hotel occupancy tax for these tourist related locations and especially in the name using situation because the amount approved for the funds fell so far short of what was needed in order to do that restoration properly, moving all sculpture and bringing it banning and I know Hyde park and the entire city is really happy to have that museum open again.

[1:44:43 PM]

We are going to have another bond issuance possibly in 18 so I'm sure y'all are working on the asks you may be bringing forward for our bond committee for cemeteries.

>> Yes.

>> Pool: Going back to the item of increase in fees, if you could bring us some of those numbers and we might be able to include them in our fee schedule which we'll approve during budget. Thank you.

>> Thank you. While we're here and talking about cemeteries, I just wanted to flag that I had heard from somebody and I haven't had a chance to investigate it yet but there may be some peculiarities with cemeteries and codenext, either with what's bordering the cemeteries or how the cemeteries are coded. Again, I haven't had a chance to look into it yet but I wanted to flag that as a potential to be paying attention to. Then I was wondering in terms of the maintenance of the head stones, is that something that is preservation intensive or is it more about you need to have kind of the manual labor? Because I'm thinking, you know, if it's more the latter there may be great eagle scout projects and other things but if it requires a lot of historical preservation that may not be an option.

>> It is both, depending on which cemetery. At oakwood and oakwood an expecially it's historic preservation but at Austin memorial park, not so much. So at this point at Austin memorial park, one of the reasons is that the -- it states that the family is responsible. So until we can get something in writing that gives us the opportunity to be able to go in and just reset a lot of those head stones, we have not done that.

>> Alter: Is that something that in future -- for future contracts that you're changing so that you have that opportunity if they have been negligent?

>> Yes. Weir currently working on -- we're currently working on updating our rules as well, so we will address all of that.

[1:46:46 PM]

>> Alter: Okay. Thank you. Mr. Flannigan.

>> Flannigan: Waited too long. I lost my question.

>> Mayor Adler: Mayor pro tem.

>> Tovo: Just to follow up, is it both a financial issue as well as a legal issue? Of -- about whether you can go in and make adjustments or fixes to the stones that no longer --

>> Yes, it is both financial and legal.

>> Tovo: Okay.

>> I believe we're going to try to address the legality portion through our administrative rules process, and so we've been going through the public engagement process to change the cemetery rules and then the cemetery rules will allow us to change the policy, and then we'll be able to do some things.

However, to Tanja's point, if it's a historical restoration issue that's a little bigger than just resetting it. Hopefully from a policy standpoint we'll be able to -- the easy -- the ones that are easy for us to fix, as soon as we finish this process, we'll be able to do that.

>> Tovo: What is the timetable on that process?

>> For the rules process? Right now we are at our last community engagement meeting, which should take place by the beginning of June. And then we'll be able to send our rules on to legal and then wait for the legal -- legal's decision on the process. Of enforcement.

>> So the rules, I believe -- I'd have to look at the code, but it's in chapter 1.2, after we put the rules out and post them, I think there's a month's time for comments. Then we have to go back and then we send them to the city manager to be able to sign off on. If there's any disagreement, there's an opportunity for people to grieve -- that's not the right word but say they don't like the rules and we have to respond. So it's usually about -- as soon as we write them and post them, it's usually about a two-month process before they're actually adopted.

>> Tovo: Are these rules -- are these the rules that have been long in progress?

[1:48:49 PM]

>> Yes.

>> Tovo: I mean, they were the subject of some considerable concern and actually brought forward a council resolution to help guide that, and so I'm keenly interested, those will not come to council for approval since they're an administrative rule, but I would just say I hope y'all let us know what those look like, and I hope they create a really solid balance between, you know, the needs of the families, some of whom have had things on those plots for many, many years, and that's especially -- I'm looking at my colleagues near the Austin memorial cemetery and others, because it was a very challenging discussion, and I don't know -- I've lost track of how it's being resolved so. . . Do you have a sense -- I know it's not related to budget but can you give us a sense of where the rules will land with regard to benches and things that have been on?

>> Yes. At this point really we're not adopting new rules. We're pretty much just updating and enforcing the same rules that we've had since the '70s that just have not been enforced. And to answer your specific question about benches, the option for benches is that we will allow a bench in place of a head stone but we will no longer allow benches in the easement, in the maintenance easements of the cemetery.

>> Tovo: I guess if you have a draft of the rules that you could circulate I think that would be really helpful and I don't know if my colleagues are interested in those, but if they are -- I mean, it was, as I recall, the enforcement of the existing rules, the sudden enforcement of the existing rules that was creating the concern so adopting a rule to enforce the existing rules will cause the same concerns we heard several years ago. People had planted trees that had been there years and other things that were important to them, and so. . .

>> We can certainly provide a memo with an update to mayor and council with a set of the draft rules or at least an update on where we're at with them.

[1:50:51 PM]

>> Tovo: Thank you. That would be helpful. So was my assumption correct, those are not coming to council for approval?

>> They're not.

>> Yeah if -- we would be adopting them in accordance to, like I said, I believe it's 1.2 administrative rule adoption, and so they would not come to council. But they do go through an extensive process, community process, so not only are we doing the community engagement but once the rules are posted community members can then --

>> Tovo: Appeal.

>> Appeal. That's the right word, appeal.

>> Tovo: It's just an administrative process at that point. I'll have to look back at the resolution because I can't remember what the resolution directed in terms of the rules.

>> We can absolutely look at that also. If I have misquoted what the resolution said, then certainly we would follow the direction of the resolution.

>> Tovo: Yeah it's been a long time.

>> To help you feel a little better I think the process has been extensive in public engagement and obviously there's been a lot of agreement and disagreement, but they're not -- we're not arbitrarily -- the department is not gonna arbitrarily go in and take out things, remove a tree that's growing. I think it's more of establishing from this point forward.

>> Tovo: I see.

>> When you put a bench into an easement or an area where we're mowing and mowing a cemetery is one of the most labor-intensive areas you can possibly do because it all has to be done by hand mostly, with a mower, is that, you know, you can't get around the areas and then we get hit up because it doesn't look nice.

>> Tovo: Sure.

>> In the future, you can put it as a head stone as a bench, but you can't put it over to the side and then have a head stone here because we can't get around to mow it. I think you'll see that as we share with you the --

>> Tovo: But it would be primarily moving forward.

>> Moving forward.

>> Tovo: I think that does resolve a lot of the concerns that I heard and that were of concern to me. I did have a finance question.

>> Mayor Adler: Okay. And it's eight minutes to 2:00. We have aquatics and employee benefits so I --

>> Tovo: I'll make it snappy.

>> Mayor Adler: Quick.

[1:52:52 PM]

>> Tovo: Okay. Do we have a tiered system for cemetery fees? Of city/non-city.

>> No, we do not.

>> Tovo: I would raise that as a consideration. If a citizen is a resident of the city, he or she has been paying taxes to the city of Austin, and should have, you know, that -- the benefit of the rates that we charge, which I assume are still lower than private cemeteries and probably considerably. And so that's something I would bring to your attention.

>> Would that be just for space sales? Because I guess the problem that I would have with that, if a family purchased the space years and years ago, would they be charged a different fee for internment because they don't live in the city any longer?

>> Tovo: I think those are issues that would have to be considered. Purchased the plot as a resident, that would be a different -- I don't know. Those would be issues to consider. But I think just in keeping with the discussion we had earlier and who is contributing to city services, that it would be important to me to look at those fees and get them as in line as possible, understanding that some of those situations will be different.

>> Yes.

>> Mayor Adler: And not to include brand-new residents of the city.

[Laughter] Mr. Renteria.

>> Renteria: Mayor, I'm really thankful for y'all doing this. I have my father buried in [indiscernible]. It's just all disappeared years ago, and you can't even find his grave anymore. You don't know where it's at. But that's a private one. They don't have that kind of upgrading and maintenance that the city has, and, you know, it's very unfortunate, but in some of these cemeteries that are out there, they're owned by a church or something, an owner somewhere, and they just seem like they don't have the funds so they don't do the upkeep.

[1:55:09 PM]

It's done --

>> Thank you.

>> Mayor Adler: Okay. If there's nothing else we'll go on, then, to the next one, to aquatics.

>> Just before we start, we do have resident and nonresident fees for admissions and also for programming in aquatics.

>> One out of three.

[Laughter]

>> Mayor Adler: Thank you for that presentation. Thank you.

>> We didn't always. We do now. So please know that the aquatics division operates as we see it in an unsustainable and unstable business model, failing infrastructure and mechanical systems that severely impact the stability of the parks and recreation department aquatics operations and even with the implementation of our improved seasonal hiring strategies and our recruiting that has been much improved, our seasonal hiring still remains a concern so I remember councilmember pool being very excited that we're on our way to making sure that all of our pools open on time and I'm just being very cautious by optimistic. Please know we have 51 aquatics facilities and ten splash pads and also the Liz carpenter fountains at butler park so 40 of our facilities I wanted to break down our facilities. Of our 40 aquatics facilities, 30 are operational seasonally. It should say seasonally operational. Five are non-operational. We have five swimming pools, St. John's in district 4, kealing in district 1, Odom in district 2, commons Ford in district 6, it's actually a rental facility, not open to the public other than if someone decides to rent it and also the palm pool in district 9, I believe. Then we have five year-round operations, Barton springs, big Stacy Bartholomew and springwoods.

[1:57:12 PM]

I wanted to make sure because there's been a question of how many pools do you have and how many are actually operational. Please know that our budget is approximately 7.4 million and of that 7.4 million you'll see it broke, you know, down in seasonal and temporary funding for tsds, temporary employees for our full-time employees. The thing most important to note is we have \$700,000 of that 7.4 million, so approximately 10% of our budget that is dedicated to maintenance, regular repairs, Ada accessibility, training, equipment, supplies for our seasonal operations, which is not a whole lot of money when we're talking about a failing infrastructure. We collected, in 2016, about \$2.03 million dollars in 2015, 2.1. We did have an increase in fees over that time so I don't know that we've had an increase in usership but we did have an increase in fees, which probably accounts for the additional funding we've collected in revenues. I route lined our -- I've outlined our charging season, March through September and the pools we actually charge at. Those year-round seasonal pools do not charge year-round, only during the season so if you use Barton springs sometime after September and before March it's at no cost to citizens or community members to be -- or we have 23 individuals in our operations of our -- that would be our administrative area of our aquatics division, and those are the individuals that are helping to train our -- helping to train our lifeguarding staff, running the administration of our aquatics operations making sure we're teaching swimming lessons and training individuals to teach. We have 11 individuals that provide all the maintenance to all of the facilities.

[1:59:13 PM]

We hire approximately 700 employees each year, and so it's important to know that we have 700 -- 276 individuals right now that are ready to work, which is double what we had -- approximately double what we had last year, and we've also had to hire individuals for gate guards or what we call facility attendants, which is different than in the years past, and so we need about a hundred of those individuals, and we're close -- we're slowly inching up. But we have all the cashiers that we need for the summertime, so that's good news. So I wanted to give a little good news about our summer. And please know we offer programming at 33 of those locations, and programming could be swim team, it can be

swim lessons, it can be free swim lesson opportunities, what we call swim project safe or swim safe, and those are helping individuals in lower income communities to ensure that they have an opportunity to have swimming lessons. We also have, as is citywide with our programs, there is a scholarship opportunity and there are also discounts based upon financial aid for all of our programming. And one of the programs that we highlight is the swim atx program, which all of you have heard about, is our relationship with east memorial high school and Regan high school to train high school students to become lifeguards during their pe classes so that they can either become lifeguards with the city of Austin, or if they choose, with the ymca. It's a three-way partnership. So in general our history is, is that we've come before the open space committee in 2014 and largely gave a lot of the same information at that particular point in time. We have challenges associated with our aging aquatic systems, our infrastructure. We had an aquatics assessment done that tells us that we have a large \$47 million worth of infrastructure improvements that are needed.

[2:01:13 PM]

I'm going to outline that a little bit later in this presentation. We've relied on bond funding to be able to make those sorts of structural repairs, and because we've relied on that bond funding we have not done major overhaul or major systems improvements. We've basically identified what's breaking in this season, and we fixed that, or we repair that so that we can open a swimming pool for the season, but we haven't done much of a complete overhaul of the entire system except for a few individual pools, which I'll outline. All of our repairs are done

(audio gap) Or reactively -- not retroactively, reactively instead of proactively. So here's an outline. For ten years we've operated through a make it work, make it work through the season philosophy, so in 2006, in order for us to make it work we spent a lot of our bond money, our 2006 bond money, on converting fill and draw pools, those pools that we filled up each day, and then we would drain them at night and then we'd fill them up again and then we'd drain them at night. We converted those to splash pads so we were more environmentally appropriate and cared about conservation. We also had to put in some sturnlg tanks to meet tceq standards so that our chlorinated water wasn't seeping into the environment. We replaced some circulation lines to decrease leaks. We had to adhere to the Virginia graham baker act, which is about individuals having -- the way that pools were set up and the suction of the bottom of a pool could trap a young person or even an adult person and not allow them to get to the top and this was a federal mandate that said you need to replace all those things that cause individuals to be trapped. So we spent our 2006 bond money on doing that, and we did two major rebuilds, west Enfield and deep eddy, but that -- it didn't touch the system much. It just touched two pools.

[2:03:16 PM]

In 2012 we did Ada improvements, a lot of pump and motor rebtltsdz and replace -- rebuilds and replacements and a rebuild of Bartholomew pool which was a \$9,000 investment. And we also through the gracious -- generous generosity of council we were given money for northwest for a one-time repair and also some money to rebuild both Shipe and govalle. So I want to talk a little about water leaks. You saw in 2006 we spent a lot of time on leak detection and trying to replace return lines but right now it appears as if we average about 350,000 gallons of water on a daily basis that we're leaking into our system -- leaking into our environment, and with the help of our friends from Austin water they've told us that equates to 1700 households per day, so we are leaking the same amount of water that 1700 households use per day. And if we talk about a season being 12 weeks long, that's about 153,000 households of water that our system is currently, for lack of a better term, wasting. In 2017 this is how

we spent our maintenance money, so in an effort to try to take care of some of the issues that we've had -- that we've identity, in 2017 we are repairing Parke Zaragosa which has major leaks and it will cost approximately \$48 million. We'll replace metz pool which has major leaks, so that we're not leaking water. We're going to refurbish Patterson pool, the shell, and replace the pump and refurbish the filter, which is another 39-point -- 39,500. We have major repairs at our splash pad, which is highly used at \$100,000, and then we invested some money in gibbons pool to find out -- we did an engineering and structural assessment which says it needs major repairs which we can't do this season but we will doing for the 2018 season.

[2:05:29 PM]

So those are the things we knew we needed to do. And here's the right-hand side of the page. You'll see these are the issues that popped up. So we've actually fired up, for lack of a better term, eight of our swimming pools, and here's what we know that we have to invest right now to make sure that just eight of them are going to continue to be up and running, and we haven't -- we have not prepared the other swimming pools to be able to, so there may be more things. So we're going to be investing \$26,000 in northwest pool because we found some pump issues. At walnut creek we'll be investing 4,000, as garrison pool as of 4/27 we found that it's leaking 48,000 gallons of water, so we're going to have to determine how it is that we're going to fix those leaks because that's not environmentally appropriate or responsible. And we know that Liz carpenter is going to need some repairs, and that's what we know right now. So of that \$700,000 that we have for repairs, because we're not taking this out of bond funding, we're going to be spending this amount of money on eight swimming pools, and we'll see what happens with the other 22 once we get them up and running, as to what other investments we'll have to make as far as repairs go. So our operational challenges are we have 11 maintenance folks that do all the repairs that I just described. They also paint our pools, and they respond to anything that happens during the season. Anytime that we have a chemical imbalance or we are aware of the fact that something is not appropriately working at one of our swimming pools that's affecting the water quality, they have to respond to that. And so they work 12 hours a day, seven days a week, and there's 11 of them, and it's a little bit tough sometimes to get through Austin traffic. I know that I don't have to tell you that. And so what the consequences of that is, of our aging mechanical systems and our small number of maintenance staff means that we have increased -- increased closures and a longer time to wait for the mechanics to get to a space.

[2:07:39 PM]

So you may have received phone calls last year that said, why isn't my pool open? My pool has been closed for 45 minutes? How come that team can't get that pool open? Well, we have very strict standards about water quality which means every hour we check and make sure that the chemical levels are as safe and appropriate as possible, and if those chemical levels tell us that the chlorine has dropped below a certain -- the safe level, then we have to be able to allow the system to recover and call a mechanic to figure out why the comical is not feeding into the pool and because we have those deteriorating and older systems sometimes it takes a little bit longer for them to repair. I just want to let you know we don't have those 700 lifeguards yet, but we do have almost 300, so we're feeling very positive, again, optimistic. Some funding challenges. So we -- I know we've already told you in a memo that we only have \$900,000 left in bond funding. We're going to be spending approximately \$400,000 this year, maybe a little bit more, depending upon how our situation goes with maintenance, which gives us approximately \$500,000 in fiscal year 2018 to be able to make major repairs with bond funding. And that's only important to know if we do not have an opportunity to have a bond issuance in 2018,

there won't be any more money to make those major repairs after 2018. So depending upon what happens this year, we will have to take a look at if we wanted to save a little bit more money to make sure that for the following fiscal year we have funds. We know that the preliminary estimates for Shipe and govalle, they're exceeding the 3.1 million that we've been given so we have to look at our current bond funding and figuring out how to supplement those rebuilds, because the community has gone through extensive engagement and we've made a promise to them as to the quality of the system that they have receive, and it's important for us to deliver on that.

[2:09:50 PM]

And also I need you to know, which I think you already are aware, that we on average, as you will see from this chart, exceed the allocation in maintenance by \$400,000 each year, and that means that we're taking that \$400,000 from somewhere else in our department to be able to supplement the maintenance, and that's -- the cost value means we might not be doing Ada accessibility things. We may not be repairing trails. We can't add additional individuals to our after-school programs, so any number of things are not being funded because we were putting that money into the maintenance of our swimming pools. Also with the code that we talked about, ironing we -- I think we came to each of you and explained that in order for us to be in compliance with the health code, we need to have pool attendants, and so that's going to be an additional \$250,000 that our department is absorbing, or the aquatics budget is absorbing. So if you added that plus the \$400,000, we are \$600,000 in the hole, which we will have to find somewhere else in our budget to be able to support that. So the consequences of the business model is that we've identified in the aquatics assessment, we have \$47 million of repairs, and that's just to replace pools as they are now. It's not to do any improvements to our spaces. It's only to just rebuild them. So if they don't have restrooms, we wouldn't -- that \$47 million wouldn't include additional restrooms. If they don't have any other amenity or any shade structure, it wouldn't cluf adding -- include adding that to those swimming pools. Those 47 million 2013 dollars, so with inflation it is going to be much more than 47 million. We do have seven pools that were identified as critical, which means that structurally the aquatics assessment has said that within the next five years these swimming pools are likely to fail structurally or mechanically.

[2:11:57 PM]

And that -- those are Shipe, govalle, northwest, gibbons, north, montopolis. So those pools that are identified as structurally or mechanically critical likely to fail in the next five years, four of them have already shown us that they have -- they're on their last leg being Shipe, govalle, northwest and givens. The aquatics assessment also identified a minimum of \$22 million in 2013 dollars just to do a very basic pool in order for us to fill our service gaps. And so the consequence or the thing that's important is I don't know, even with a generous bond, it will be difficult for us to maintain the system or to rebuild the system because our -- I didn't -- I don't anticipate, but perhaps it would happen, that we would receive 47 or \$69 million to be able to rebuild and fill the gaps. There was a set of questions that we -- we've again posed for conversation purposes, but by no means are they what it is that you have to talk about, but what decisions could be made to bring the current business model into better compliance, what decisions could council support to allow the aquatics system to be in alignment with the proposed council priorities, and how would council like to see the future master plan used in making the system-wide decision. So I did fail to mention that we do have a master plan that will be coming forward for approval. It's in the final stages of community engagement, and what it will identify is swimming pools in areas of the city that perhaps we have a concentration of swimming pools and perhaps there's an opportunity to decommission. It will also identify spaces where it's probably a good idea or at least a

recommendation for us to enhance the existing pools to serve a larger population and provide more opportunity, and then there will be also a recommendation for the gaps, so it will take a look at what was reviewed in 2013-14 and say, yes, that aquatics assessment, the gaps are still there.

[2:14:15 PM]

We're going to need to build swimming pools in these different areas. And so you'll get that information sometime in June for us to be able to make future decisions, and perhaps you have some specific ideas of how you'd like us to use that.

>> Mayor Adler: Does that June plan include the changes that you would recommend be made to the business model in aquatics?

>> I don't know that it does right now, but it's not done, so it can. It absolutely can. It will talk about decommissioning swimming pools, and decommissioning swimming pools is one of the -- the absolute ways that we'll be able to make this model more sustainable, but it's also very controversial.

>> Yes.

>> So it will have recommendations in there of what should be decommissioned, but it will be very controversial. I will say to you that up to this point individuals have given us feedback on the criteria of how a pool would rate. There's a pretty complex matrix of how would you grade a pool and what's the criteria for a pool to remain versus a pool to be decommissioned. It has social determinants. It has infrastructure determinants. It has environmental considerations, and on the face, on the surface everybody is like, oh, yeah, these are great, these are good, but it will be a lot different when the swimming pool that's most important to that particular community is one that does not meet the criteria for it to continue, and that's the process that we're at right now. So I'm expecting there to be individuals who will say, well, this criteria is great, but I don't think it should be applied here for these reasons. Right now.

>> Mayor Adler: I understand. Ms. Pool?

>> Pool: Quick question on garrison pool that's leaking 40,000 gallons a day. I know when the work was done on northwest pool we discovered that, totally inadvertently, that it was the old pipes that had failed, and I think it was 45,000 gallons of water a day had been leaking from northwest pool.

[2:16:20 PM]

So staff went in with the same amount of money that we had allocated and refitted all of those pipes and fixed that, and it made a huge difference, and it was impressive because they did the work -- city staff did the work themselves and it didn't cost any more of the \$350,000 that we had allocated. Do you think that's the same thing that's going on with garrison? Can you get down underneath the decking there and see if -- because that -- it's the same age of a pool --

>> I know that our team is investigating, but I don't know -- since it happened on 4/27, we discovered it, I don't know that we have -- I don't have an answer for you as to what it is. I think we're still investigating that.

>> Pool: So this is not a historical daily loss like it was at northwest park? This is a new loss?

>> I believe garrison was still -- was leaking water. I couldn't tell you how much it was leaking. This is more water than it had been leaking, so we just need to figure that out.

>> Pool: But it's possible that it's the pipes.

>> It's possible, yeah, I couldn't say. It's possible that it's the actual structure of the pool, that somehow there's cracks or -- I can't -- I wish that I could give you, but because it happened last week we're still investigating.

>> Pool: The only reason why I bring it up is because for years the city thought it was structural, cracks in the pool bottom at northwest park, and then presto, we discover, no, it's because these 50-plus-year-old iron pipes had broken and nobody thought to look under the decking with some -- whatever the equipment is to go down there and see, and then there was a huge void because the soil had all washed away. So it was doubly dangerous with the cement decking on top of that, which was hiding the void that was created by the big leak for years and years.

>> And the great news is that we've learned a lesson from that. So I would -- I would assume that my team, while I can't confirm, I would assume that my team will take that into consideration and make sure that we're investigating that as well as other -- other reasons why it may be leaking.

>> Pool: Thank you.

>> Mayor Adler: Okay. Let's do this quickly so we get time to get to the employee issue, and remember, we have a hard stop at 3:00.

[2:18:26 PM]

Council member alter?

>> Alter: Thank you. I'm not sure if this is a question for you guys or the finance folks but obviously we want to fix it so it's not leaking water, but I'm wondering if there might be an opportunity to have Austin water help to co-finance fixing that since that would be good for Austin water, not to be having all of that water leaking. I know there are -- there are rules about that with an enterprise fund, but I'm wondering in this case just how Austin energy helps to do conservation in some other situations, if there might be an opportunity to explore that.

>> The answer to that is yes, absolutely, and I have had a conversation with Greg Mazar, is the director of water, and there is a fund that they have specifically for issues related to leaks, and he has mentioned that he would be willing to have his staff talk to Kimberly about the possibility of looking at those and if there was something they could do to help fund it. The other option is -- and we did do this before with them, as you can imagine, being on the parks and recreation board, there were times when water services needed to pay mitigation fees and we worked out a fee. Sometimes instead of paying us mitigation fees they can do repairs or work or in this case the purple piping in Hancock. So there are some options here.

>> Alter: I would encourage you to explore those, and I just want to flag for the aquatics master plan that there are multiple parts of that plan that may be controversial. A big portion of it does involve having these larger swim areas where you pay a fee and you have to often drive there, and it's -- it's a movement away from the neighborhood pools, and there's compromises that we need to reach for those areas that are not served at all, but there are areas that are served by existing pools. And so I hope that the final plan will find the right balance there because for a lot of families, you know, that extra expense, that extra hassle when you go with your 2 or your 3-year-old, you don't necessarily need all of the fancy stuff.

[2:20:42 PM]

You just need to be able to dunk them in the water for half an hour, and the ease of being able to do that in the neighborhood area really does facilitate the recreation that we're trying to encourage. And so just getting that balance right, recognizing there are areas of town that are not served that we need to find ways to serve but getting that balance I think is something that I really hope we manage to get to in the final version of this plan.

>> We'll work as hard as we can to get the right balance, but I can't make any promises that we'll come forward with a noncontroversial plan. But we'll do our best. Mr. Flanniga N?

>> Flannigan: I'd like to see like on the other items data on which facilities are serving the out of Austin residents. The springwoods pool is surrounded by non-city residents. It's in a weird little pocket. That's city of Austin, but a lot of neighborhoods, this is in the Williamson county E.T.J. Area that -- I'd be curious to know how many are out of city residents or using that pool. And that I'm also curious if the aquatics permit ever looks at existing pools owned by private entities, hoas, limited districts, and help leverage partnerships with those organizations to provide pools -- pool access to city residents that surround it.

>> So to answer your question, in the -- in the master plan process we've been spending a lot of time -- up to this point, I don't think we've done as good a job as we could but as part of the master plan process we've absolutely mapped that and identified where those are as opportunities. But up to this point the answer is not as well as we should have.

>> Flannigan: I think it's a big opportunity, especially in my district, and I definitely want to know more about it.

>> Mayor Adler: I think the challenge is apparent. Thank you.

[2:22:42 PM]

>> Tovo: I'm sorry, I guess I do have one more quick thing. It seems to me that -- I appreciate, council member Flannigan, that suggestion. It's kind of like the work that the urban parks group did when they looked at school sites and other sites that could help us close those service gaps in areas of town that are underserved by, in that case, parks, in this case pools. I don't know how close -- how closely aligned those are, whether the areas where we have our service gaps are also areas where there might be opportunities through private -- through lationships with private pools, but that's a great -- I think that's a great suggestion.

>> Flannigan: And I think to piggyback on that, the service gaps in my district are generally going to be service gaps for the lowest income residents of my districts. The higher income residents are the neighborhoods that own those pools, so these weird little gaps that you wouldn't justify building a whole new pool and maybe springwoods pool is one more pool than we need, given what I know surrounds them.

>> I will say just real quickly, I know we need to move on, we absolutely agree, and I will tell you the model for us is really partnering, not building by itself individual things, but a perfect model that's working quite well is the facility -- the recreation facility at rundberg that is managed, operated and maintained by the Y. It has an indoor pool and it has a huge number of people in attendance. It's heavily used. And I think we've already had some discussions with the ymca in the future to look at those things, so it is something we have to start looking at.

>> Tovo: I know I just -- I don't know how to -- I don't know how to resolve these challenges, obviously, but I do know that our neighborhood pools are much loved, are much used, and having them within people's neighborhoods rather than kind of the more regional facilities is really hugely beneficial, I think, to the austinites who live -- live in our city. So I hope -- I hope -- I understand the financial challenges with that model, but I'm really strongly supportive of it.

>> Thank you.

[2:24:49 PM]

>> (Indiscernible).

>> It has been a challenging few presentations. Welcome.

>> Good afternoon. Joy hays, human resources. So I have a joke. I am hoping that we are more lively than a cemetery, but I think we're going to be a little drier than pools.

>> Ooh!

[Laughter]

>> Oh!

>> I've been thinking about that for the three hours I've been --

[laughter]

>> And she's been rehearsing it.

[Laughter]

>> Okay. We've got about 30 minutes left, and our presentation will include a conversation and policy relative to paying benefits and compensation and total packets. So it's two sections, and for the interest of time what he'd like to do is get you through the information and certainly allow opportunity for questions at the end, if that is acceptable, so that we can at least ensure before 3:00 I can actually get you through the data we have before you, if that works for you, mayor pro tem.

>> Tovo: I think that's the best plan.

>> All right. So last year we had an opportunity to have a broad policy conversation, and in that conversation we talked about civilian wages and benefits. And the concepts of the conversation relative to pay, some of the things you shared with us was a desire to create an opportunity to have our compensation package really be within midpoint of the market. You've had multiple presentations over the last couple of months from different departments, and in that time you've heard some challenges relative to recruitments, some challenges relative to staff. You've had a lot of opportunity today to talk about overtime. So this presentation will really allow us an opportunity to talk to you a little bit about the city's pay philosophy, where we are in terms of pay in the market, where we are in trying to be an employer of choice in a market like Austin, factors that are impacting pay right now, and the compensation strategies that we as a department are looking forward to as we move forward.

[2:26:57 PM]

Separate from that conversation but very much in alignment with it, we're going to have some conversations about employee benefits. I've got Karen Haywood, our assistant director of benefits, who's been with the city for 17 years in benefits, so she's truly an expert in that as well as other benefit-related topics. And so we're here to talk about our current health care program. You had conversations last week with the fire department relative to our insurance plan, so we're going to talk about a self-funded plan. Some of the compliance components that are within our plan right now. Some of our strategies to maintain affordability. We've done a lot already. We want to remind you of what we've done, and actions taken to include wellness, which I know was a broader conversation last week. Our enrollment and cost and cost for retiring monthly premiums. So that's the scope of what we're going to talk about today. As we talk about civilian wages, our current philosophy is try to pay as competitively as we can based on the market. And when we talk about competitive pay, market is something you've heard before. We'll talk a little bit more about that in detail to help you really understand what we mean when we say market. But we want to pay fairly and equitably, internally and externally, and so we also want to talk about some fund strategies supporting our current compensation philosophy, and implement updated philosophies and change some policies and procedures. Last year we had a lot of conversation relative to equity. Next week you'll be hearing from our consultant to give you an updated equity report. And so when we talk about a lot of that, as we went back and did some evaluations we recognized that many components of the equity conversation revolve around a philosophy and how we bring people in and how we pay incumbents, so we'll talk about potential changes to that, in addition to just explaining that to you for this conversation. We begin with our turnover in unemployment data, and if my pace is a little too fast let me know. I'm really trying to make it through, but I can certainly slow down for your pleasure.

[2:28:59 PM]

One of the reasons why we share this with you, the blue line that you see at the top represents the city of Austin's turnover. As of March to March is what we look at, so as of March of 2017 we were about 7.7% in terms of turnover. As Dr. Washington and I had a discussion earlier, that also is reflected of retirees that are included in that turnover number. And we're expecting to be around 8.1% as we go into the next year. The bottom Orange line you see before you is the Austin msa unemployment, and it's important for us to begin this conversation of pay and compensation when we look at turnover because what we recognize is that the lower the unemployment, the more competitive the market becomes. We're not only capturing candidates for positions that represent the unemployed population, but with an unemployment rate as low as 3.2, we recognize that we're competing with people who are already employed, and so they're looking for competitive packages. You've heard from Austin energy. We've heard from planning, we've heard from ctm. We also have entities who are not just competing with other public sector entities. They are trying to hire specialized people who are now -- very much private sector driven so that's also important to understand as we craft a conversation about pay. As we go and look at our benchmark data, and again, this is just data that we collect annually to help us in developing recommendations that go before the city manager and ultimately to you relative to pay. And what we see is that

(indiscernible) A data point we've shown you for years, relative to their information, they're projecting a 3% increase in budgets for salaries. And when we talk about that, that includes all types of pay for performance across the board, market structures in any organization. So we're seeing projected. That includes public and private sector, potential 3% increase in salary budgets moving forward.

[2:31:05 PM]

They also have a Texas subset within worldatwork, and that represents a 3% increase as well, but that includes public and private sector as well, but we do have a public administration subset of that nationally, which is also saying right now 3%. We also look to society for human resource management, and they're also projecting a 3% increase in potential budgets for 2017. So as a data point in terms of what we're seeing in trends, it looks to be 3%. Now, as we say that, I think it's important, as I've heard you talk about many topics, we've always looked at our benchmarks, so we wanted to provide you a little bit of benchmark. We're not prepared nor ready to make any recommendations at this point, but we wanted to at least allow you an opportunity to see our actual increase that took place this last fiscal year to kind of give you some concept of where cities were in our benchmark cities. As you remember, we had a pretty detailed conversation with you, and we came to you last year with a recommendation of an across the board at 29 cents, and a pay per performance at 2%. We did that separately because we recognized that the actual amount that we provide in across the board provides a more significant increase to those employees at the lower level, so we give them an actual amount that allows us that opportunity to provide employees at the lower level a higher percent increase in salary along with the 2%. That, in my recollection, was really what you sought as a council in terms of wanting to value our employees, wanting them to provide them an opportunity to receive pay increases, but also wanting to constantly evaluate where we were in terms of our lower level employees, in terms of salary. So that is the recommendation that we followed last year. I will share with you just as a point of reference that any 1% increase in our payroll cost to our -- and I'll have to confirm with Ed, but it looks to be about 7.1 million for every 1% of salary increase we provide, and that would be about 1.8 million to the general fund.

[2:33:12 PM]

So as as we have a conversation about percentages and as you look at what the other cities are doing, we want to kind of give you that frame of reference to kind of understand what we see. And as you look at the cities we provided you, many of them did 3% last year, some, such as the city of el Paso, had a tiered plan. The city of Houston has a contract, labor contract, so they received an increase in July of '16 and they're scheduled to receive another one in July of '17. So that just gives you some reference as to what cities did last year. As we look at compensation strategies moving forward, these strategies are really where we are as a department to try to address the complexity of concerns and issues that we hear citywide. We begin with the market. And the market information really provides us an opportunity to ensure that the salaries we place with our positions are at least at the midpoint of most markets for those positions, understanding that in some instances we do very well and other instances it still doesn't provide the competitive edge that some departments would feel appropriate. I want to continue to point that out because in a balanced presentation I think I have to align with some of the things you've already heard from some of our enterprise departments in terms of their ability to recruit based on current salaries and create competitive packages that allow them to succeed. Austin energy, water, ctm and planning are definitely some of those departments that are looking for opportunities to figure out innovative ways to recruit for positions where they're having a large private sector competition level. And so market is very, very important to that. Across the board increases and pay for performance. As we have this policy discussion today we seek your input. We really feel comfortable with pairing up across the boards with pay for performance. Over 70% of our employees in the listening to the workforce survey said they feel like there should be some ability to give merit to high performers, so allowing us, in whatever recommendations come before you, to balance off the need for across the board due to affordability, but also the opportunity to reward those employees who are doing a good job so that we can retain them in our current infrastructure.

[2:35:32 PM]

Rezoning. One of the things that came up, and we'll probably have a lot more conversation about that as we go to the equity presentation, in the past, when we do market studies, and I'll go into a little bit more detail about markets in just a moment, we've had an opportunity to rezone employees, which will allow them to be moved within the current Zones, to allow them to be equitable based on today's time as we were doing markets. But that costs a lot of money. So in the last market that we completed there weren't funds to do the market study and the rezoning. One of the things that we're looking at evaluating is our current pay philosophies and our current pay procedure. There are some unintended consequences that have come with our current system that many -- employees perceive to be an equity issue, and we'll into more detail through the presentation and after you receive the equity presentation, but we certainly recognize that it is time to possibly update our pay policies, how we go about determining what we pay new incumbents as they come into positions, how we go about paying employees as they go from one position to another in the organization. And so in looking at that, as we come up with policies we're certainly going to follow our equity tool, we're certainly going to work through city manager's office to evaluate the best approach, what should we keep, what things should we change, and take that to all levels of stakeholder input. But for this conversation it's important to share that with you because as we have those conversations, as we look to update those policies, there will be a need to rezone, if not one time employees from where they are right now and there are cost implications to that. So from a policy perspective I want to share that with you, because as you continue to hear from other employees relative to equity in their current salaries, much of that conversation will be revolving around potential updates to that policy. And then, of course, the living wage. I think most

of you know we had a living wage task force or committee some years back who talked about keeping up with the living wage, and so we have additional information on that.

[2:37:38 PM]

As we talk about the market, we try to do them every three years. The last one was done this last year in '16. We plan to do it again in '19. When we allow ourselves an opportunity to go out and do market studies, while it's costly, one of the other benefits to it is it allows us to opportunity to keep up some maintenance in our pay plans during the off years when we're actually not having an opportunity to do full-scale market studies and market plans, and it allows us opportunities to look at our classifications. Just wanted to share with you what we've accomplished. Under Dr. Washington's leadership we completed the Austin energy market study. We also completed the information technology. We've recently just completed the citywide market to include a special classification review for our financial positions, and that has just been implemented. So I wanted to let you know the number of employees that have been impacted by these market studies and the amount of money that it's cost to implement them. As we talk about across the board, as I've already stated, it helps us with affordability for employees. It doesn't matter what level of performance, just providing them some level of increase to keep up with the process. The flat dollar increase is a greater impact on our lower earners, so that's another benefit to that strategy. Pay for performance system allows us an opportunity to recognize performance. As we talk about rezoning, it revises compensation philosophy and allows us an opportunity to look at our current pay structure and potentially revise it, and it addresses the internal equity are not recruitment issues we've heard about. On the living wage we are currently at 1350, so as we go into the next budget year we may be committed to continuing a percent increase in that living wage. And so based on that, that is the information we've provided relative to pay and compensation. You know, as points of consideration relative to what I've shared, employer of choice in terms of continuing to be there, prioritizing pay increases, where we are in terms of positioning ourselves in the market and how we stay there, maintaining an ideal living wage for our employees, and increasing pay using those strategies that we've talked about.

[2:39:55 PM]

And so that is the completion of that and we'll now transition into our benefits presentation relative to the areas you see before you.

>> Good afternoon, Karen Haywood, assistant director at human resources. So when we look at employee benefits, I think it's first important to note that we are a self-funded plan, and really what that means is that the city has taken the financial risk to implement benefits, health care benefits for employees. So we use a third-party administer E united health care, who processes our claims and we lease their network, but all of the claims dollars that are flowing through is actually city money. Plan compliance, health care reform has been in the news. We continually monitor what the affordable care act is doing to make sure that the plan is in compliance. Over the past several years we've had to make plan design changes to make sure that the plan remains in compliance. Some of the strategies that we've taken to maintain affordability, we will talk about the plan design changes that we've made and some of the actions that we've taken in order to control costs for both the employee and the city. Enrollment and costs, I want to take you through what the enrollment looked like in 2016. We'll look at some per member per month cost and also enrollment, just so that you can see the number of employees, retirees, pre-65 and post-65 that are enrolled in our plans. So we do have three self-insured medical plans. We have a consumer driven health plan, a ppo and an hmo, so preferred provider organization and then a health maintenance organization. As I mentioned, you know, health care has

been in the national spotlight in recent years. The city is proud to say that we've remained 100% compliant in regards to the affordable care act, and we will continue to do so, continue to monitor the legislation. So some of the actions that we've taken in previous years, what we're seeing is that we are able to maintain affordable but yet competitive benefits for our employees in the city of Austin at-large, actually our retiree population.

[2:42:07 PM]

So when we're looking at strategies to maintain affordability we look at workforce engagement, and on that front what we look at is our healthy connections program. We also look at plan design changes that enhance employees' experience into the medical. So in regards to that we -- in healthy connections we've increased the number of people that complete a health assessment. That was really one of the major focuses for our employees, because that gives employees not only baseline data but it also provides city aggregate data in order to build a very robust, healthy connections program. We introduced in 2016 some clinical programs, such as cancer support, maternity support and our kidney programs. Those programs are voluntary for employees, but what they do in their time of need and crisis, what it really does is it assigns a nurse to help the employee through that treatment. On consumerism in 2015 we introduced our consumer-driven health plan, and what we continue to do with that is truly go out and educate our employees during new employee orientation, open enrollment, and then last year we also did some off-cycle education, to really begin to educate employees about how a consumer-driven health plan works, since it is a new plan. And then the plan design changes that we made in 2015, 2016 and 2017, I think the most significant was in 2017. As you will recall for this year we introduced the tiered network that was able to bring down our premiums from 12.7% to 8.7% for employees in the city. So whenever we're looking at what types of plan design changes we want to make, we also benchmark our peer cities. The city at this point is still undetermined. You know, we're looking at what recommendations, if any, that we will bring forward. But when you're looking, aid, Fort Worth, El Paso, they are all looking at between a 5 to 10% increase for both the employer and the city.

[2:44:13 PM]

In regards to plan design changes, I think the most notable would be Fort Worth. What they're looking at is eliminating coverage for working spouses, so I think that would be the most significant of all of those that you see in regards to the benchmarking information. Travis county is also looking at introducing a consumer-driven health plan with an hra, a health reimbursement account, or a health savings account. And then on the retiree front they're looking at a medicare advantage plan for their retirees that are over the age of 65. So some of the plan design changes that we've seen at the city of Austin, in 2015, like I said, we introduced the consumer-driven health plan. What we've seen in regards to that is a \$286,000 savings for employees and the city that have moved into that plan, so that has saved \$286,000 for the city of Austin. What we will see is we've got low participation right now, and that's why we continue to educate employees about that. We've just crossed the thousand-dollar -- thousand employee mark, so we're proud of that, but we will continue to educate employees. Really what we're seeing is during new employee orientation and then also doing open enrollment there is some migration, from the hmo and the ppo into the consumer-driven health plan. In 2016 we did introduce the clinical support programs, and those are yielding a \$729,000 savings, and again, those are voluntary plans. And then in 2017 we had much discussion about the tiered benefit structure, and so what we're doing is we're incenting employees to go to tiered networks because they really have better outcomes. So employees have a tiered network opportunity. They have an in-network and then they can also see out of network providers. And that is about a \$6.3 million savings, making that plan design

change. So when we're looking at 2016 enrollment and per member per month cost, what I wanted to show you is the actives, the pre-65 and the post 65.

[2:46:21 PM]

So we have got 12,004 hup 64 employees in coverage, 2,000 pre65 and 2400 employees in post -- retirees, I'm sorry, post-65. But when you look at the paid per member per month cost what you will see is the pre-65 is significantly higher than the employee and the post-65. Our post-65 retirees are second - - we are the secondary payer, post-65 have to enroll in medicare a and B, and so medicare pays primary, the city pays secondary. Retiree monthly costs, I know that there have been some questions in regards to the retirees not receiving a cola the past several years, however the insurance continues to go up. So I really wanted to show you what their premiums look like. So on a retiree only between 2015 and 2016, they saw a \$13.56 a month increase, and then between 2016 and 2017 it was an \$8.51. The city subsidizes approximately 80% of the retiree-only coverage and about 50% for the retirees' dependents. And then if you're looking at the post-65, it went from \$80.72 to \$78.92, and then between 2016 and 2017 from \$87.92 to \$101 and then family. So the city subsidizes that. So we have a huge investment where they subsidize both. Whenever we talk about the fact premiums are going up, if we say like in 2017 premiums went up 8.7% for the employee, they also went up 8.7% for the city of Austin.

[2:48:23 PM]

Okay? And then some considerations is we want to continue to offer competitive and affordable benefits to both attract and retain talent.

>> So that concludes our formal presentation, but we've certainly got about 11 minutes, based on your time, to answer any questions or to capture your questions for a response later.

>> Mayor Adler: What percentage of employees receive the -- the merit performance pay increase?

>> I'll have to check those numbers. I believe we had less than 30 employees that did not receive the pay for performance 2%. It was set at -- I don't know the exact percentage but I will tell you it was less than 30 employees who did not receive --

>> Mayor Adler: Across the entire --

>> Across the entire city.

>> Mayor Adler: When employees say they would like to have pay that's related to merit, were they thinking about that program or were they thinking about a program that was not an across the board -- I mean, it's effectively an across the board pay increase.

>> Yes, the question that we had actually in the -- listening to the workforce survey, I can actually receive the question, but the question specifically spoke to do you believe the city should have a system that performance is used as a determination for salary increases? And that was the 70% --

>> Mayor Adler: What I'm trying to get to, do you think that they would consider what we have now a program that rewards performance?

>> Yes, because -- right, what we had last year was 2% for performance and an across the board. So I think it actually met a lot of needs because some of the afscme and other representatives felt like there needed to be an across the board that was not tied to performance due to affordability, so we are --

>> Mayor Adler: But I thought that the 2% performance effectively went to everyone anyhow.

>> It did, but there were -- did you want to say something --

>> Mayor Adler: That's my question.

[2:50:24 PM]

When they say we would really like to be rewarded for performance, are they thinking that 100% or nearly -- round it off, 100% of the people get the performance raise or do you think they were thinking that some smaller percentage would be rewarded for performance relative to other employees? In other words, if I -- if I was -- I'm not sure I would differentiate between the 2% and the 1% since everybody got both of them. And I know that we called the first one a performance, but I'm not sure that it really is, or maybe it is -- that's what it is in the industry.

>> I think employees would expect that higher performance would be paid more, but they would look for more than what we've been offering as a merit pool for true pay for performance. 2% and even 3% is not enough money to distinguish high performers from low performers. So if we had a pay for performance plan what we would -- that we would give 5 to 7% for high performers and low performers receive something less, I think they would really, really value that. But as Ms. Hays said, what we've done is we've made sure at least the nonperformers, the people that are unsatisfactory, don't receive the same pay as those performers who are performing at least satisfactory.

>> Mayor Adler: Last year we did a 2% performance raise and what was the across the board?

>> 29 cents across the board.

>> Mayor Adler: 29-cent. So we could -- and I'm not throwing these out as things we could do, just by way of discussion. We could give a 4% performance pay increase if it went to the top half of the performing employees, or we could give an 8% across the board pay raise to the top performers if we were doing it for the top 25% of the employees. That to me sounds more like a pay for performance ranking than something that goes to 100% of the employees.

[2:52:32 PM]

That doesn't feel to me like a pay for performance. When employees are saying we want to be rewarded, if what you're saying, mark, is that they would -- if you're going to, you know, make it so it's fewer employees, you have to make it higher, I understand that, and we could do that. We could do that if we wanted to for the same amount of money, if we wanted to. I'm just trying to figure out if we're doing a pay for performance -- are we really doing that or should we be looking at doing something that is more -- looks like a pay for performance.

>> In our policy conversation that took place on this topic last year, one of the reasons why we moved to just the 2% for successful and beyond was because there were some council members, and there were some employees who felt uncomfortable with a full system based purely on a pay for performance system, because there is a perception that there is some bias within that system due to having supervisors make that rating and ultimately determine your actual pay increase. So when we came to you last year, as the dialogue continued with the council, one of the things that was talked about was creating some balance to just the pay for performance. So in previous years when we had pay for performance, it was actually tiered to wherever you were successful you had a 1% increase and that percentage all the way up. However, in this one we started out just reintroducing pay for performance at the 2% in an effort to help bridge the gap with the concerns of the employees and --

>> Mayor Adler: I'll ask this one last time in a different way and then I'll pass on the question. We could if we wanted to give 1% across the board and take that other 1% and do it in a pay for performance. We could do that. But if we were taking that 1%, that pay for performance 1%, do we want to give it to 100% of the employees or do we want to give that 1% to some smaller group of employees that are standing out among their peers?

[2:54:36 PM]

Because while we call it a pay for performance, it effectively went to everyone. That's -- that's -- and you don't need to answer that question right now if you don't have a ready answer, but that's the question that I'm asking.

>> The answer is yes, we could do it.

>> Mayor Adler: Does it make sense to do? Because I had -- we were thinking -- I was thinking in terms of pay for performance and I realized the question I never asked was, how many of our employees will get rewarded for -- for exemplar performance.

>> I think, though, mayor, what Ms. Hays was saying is that there are other consequences just the ability to recognize very few employees for performance, in terms of the other implications for the workforce, and I think we would have to have some conversations about what those implications would be.

>> Mayor Adler: And again --

>> Other than the financial --

>> Mayor Adler: And I'm not recommending only a few of our employees, but I am recommending that when we give a pay increase across the board we should just call it an across the board pay increase. We shouldn't really call it a pay for performance, because it's not really that.

>> Well, it is tied to performance.

>> Mayor Adler: Except that everybody gets it.

>> Just those who were identified as unsuccessful in their performance did not receive it.

>> And when people said -- when 70% said that they would like to get paid for merit, do you think they were thinking about something that everybody in the system would get, except for 30 employees?

>> I think they generally were thinking that the lower -- the nonperforming employees would not be rewarded, and how we reward those that are performing and distinguished, that's something that we would have to continue to vet out.

>> Mayor Adler: I'll pass the question. Mr. Flannigan?

>> Flannigan: I sinned of kit with the mayor -- sit with the mayor on this. I think it's all well and good for people to do that jobs well, but if 30 people fail, it's unthinkable to think that 99.9% of the workforce is hitting every benchmark.

[2:56:40 PM]

It's a wonderful thing but it's odd. In I were doing pay for performance I might tie it to metrics and take the forms -- it would take the forms of a bonus program for metrics, where you're looking at how do you reward departments doing good job, how do you reward them, making progress in certain ways. I'm watching the eyes go wide when I say this. Have I really stepped into this with this one?

>> It's a conversation that's coming up in previous policy conversations relative to compensation.

>> Flannigan: Good, then I stepped into a previously stepped in puddle. Excellent.

>> Council member, we actually have a couple programs in (indiscernible) Convention center that do reward employees for reaching certain metrics, and that's why you saw the eye reaction.

>> Mayor Adler: Ms. Pool, then Ms. Houston.

>> Pool: So the forms for -- and this is for folks who weren't here to do this last fall, we all got the form to fill out for our employees so that we could assess their performance in order to award them the 2%, and I know that staff work really hard, and for them -- so there was, in fact, an assessment and a personnel evaluation, which is really important because employees need to have the feedback. A 2% pay raise is really fairly minimal and barely moves the needle, really. I think the only group of employees that didn't have the 2% increase were council members, right? Because we didn't fill out evaluations for ourselves.

>> Well, unsuccessful noise, if there are any employees who received an unsuccessful overall rating, they did not receive it as well, and I think it's important to point out, we were reintroducing pay for

performance back into the workforce, and it was a soft launch. It was our opportunity to finally get back to a point to move away from just across the board. So noted that the way we did it in the soft launch was to say everybody from success and above receive it.

[2:58:42 PM]

So as already being stated, we can certainly enhance that program and it would probably be very reflective of what took place in previous years, but based on the conversation and the concerns of the total employee population to include those that (indiscernible) into the workforce and those represented by afscme, the plan of doing both was really a way to bridge the gap between the concerns and move us in a way where we can begin to reintroduce performance as a key indicator no salary increases.

>> Pool: And that was a big part of the conversation that we had on council during budget last year, was how can we continue to work toward increasing employee pay, because they have concerns of affordability for still living in the city, just like other folks who don't work for the city. And we also wanted to bring back the pay for performance piece, which is really important. So as Ms. Hays is saying, we kind of picked one over the other, and it -- I

-- picked one over the other, and I think it's a really strong statement to say that narrowly everyone achieved that 2% increase, rather than looking as if it was just given away without any thought, I prefer to think of it as employees earned that, and it was a small but an important recognition of the work that they do for the city, and they are, after all, the first line people, and we don't even see most of them, but the work they do directly reflects on us, and I take that really seriously, so I hope that we can do something along these lines again this year. If the mayor says he thinks that we need to expand it or enhance it to have a larger percentage to be available for a pay for performance, I would support that, too, if we have the funds, but I don't want to omit the need for a cost of living adjustment, too, because the city continues to be an expensive place to live, and I don't want our employees to be so stressed out financially that they also have to move to the outskirts or outside of the city, but still work here.

[3:00:54 PM]

>> Mayor Adler: I wasn't saying we were giving away money to anybody. I mean, I'm really (indiscernible) That's a really good job, and I wasn't recommending anything by the questions I was asking. I was just trying to understand what a pay for performance structure really meant and whether or not it included in a pay for performance structure some element of some class of employees, while everybody's doing a great job, are doing a super great job, and whether we should be rewarding people who are doing a super great job, and asking the question whether or not in a workforce of 15,000 people, however many employees we have, whether among those 15,000, there's some subgroup that are doing super great jobs that we should be rewarding more, because to me that's what -- kind of a performance pay net. Not giving it away, but when it's across the board, and I think we should be doing across-the-board stuff, too, but it just feels more like an across-the-board thing to me than something we're trying to pick out those employees that are going above and beyond and trying to recognize them with compensation.

>> Pool: And I did some work in personnel and salaries and that sort of thing. I think at one level, 2% isn't seen as enough of a reward to be that granular in deciding who gets it and who doesn't, including the fact that there was no cost of living adjustment. So I think that the general feeling was that that's all there is, and a large number, if not everybody in the city, should benefit in that. I think to do what you're talking about would be to have a

-- either a larger pot of money available that could be determined by the supervisor how much to give each employee within a range.

[3:02:58 PM]

I mean, there's various different kinds of ways to go about doing this that are useful and best practices, even in government, and I know the employees are listening, and so

-- and I agree, mayor, you absolutely value all of the folks, and I think more for our two new council members, just edification to understand the different things that we went through and what we meant or didn't mean by the pay for performance, reintroducing that piece.

>> Mayor Adler: Ms. Houston.

>> Houston: I have just one question. If you could give us the number of retirees who have returned to work, and what the city's policy is on pay for retirees from the city who are now returning back to work. I would appreciate it.

>> Yes, ma'am.

>> Kitchen: So, Mr. Mayor, are we ready to conclude?

>> Mayor Adler: Does anybody have any last questions? Then I think we're done. Thank you very much. That will conclude the meeting of the work session. It is four minutes after 3:00. That's okay. And we're concluded.